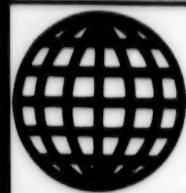


JPRS-SEA-89-024
29 JUNE 1989



**FOREIGN
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JPRS Report

East Asia

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JPRS-SEA-89-024

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Role of Private Sector in Economic Development
42000128a Rangoon *THE WORKING PEOPLE'S*
DAILY in English 30 Apr 89 p 1

[Text] In striving to bring about the all-round development of the economy of the State, it is necessary to fully utilize the productive forces of the State sector and the co-operative sector and also the productive forces of the private sectors such as the technical know-how, the capital, and the physical and mental labour. The Government is giving every encouragement to get the private sector to take an active part in all the branches of the economy by investing their capital, technical know-how, their labour power and experience. If the private entrepreneurs clearly know the economic activities which they have the right to undertake and those which they have no right to undertake, then they will come to confidently and boldly undertake the economic activities which they have the right to.

Since the State Law and Order Restoration Council has already promulgated the State-owned Economic Enterprises Law (State Law and Order Restoration Council Law No 9/89), the private entrepreneurs can now clearly know which are the economic activities which they have the right to undertake. Moreover, as the 1965 Law Authorizing Powers for the Establishment of the Socialist Economic System, which places restrictions on the rights of the private entrepreneurs to undertake economic activities has been replaced with the State Economic Enterprises Law, the private entrepreneurs can now boldly and confidently carry out economic activities which they have the right to undertake. It is believed that, in doing so the private entrepreneurs will not only gain benefits for themselves but also contribute towards the economic development of the State.

According to Section 3 of the State-owned Economic Enterprises Law, the Government has the sole right to carry out the following economic enterprises as State-owned economic enterprises.

- (a) extraction of teak and sale of the same in the country and abroad;
- (b) cultivation and conservation of forest plantation with the exception of village-owned firewood plantations cultivated by the villagers for their personal use;
- (c) exploration, extraction and sale of petroleum and natural gas and production of products of the same;
- (d) exploration and extraction of pearls, jade and precious stones and export of the same;
- (e) breeding and production of fish and prawns in fisheries which have been reserved for research by the Government;
- (f) postal and communication service;
- (g) air transport service and railway transport service;

(h) banking service and insurance service;

(i) broadcasting service and television service;

(j) exploration and extraction of metals and export of the same;

(k) electricity generating services other than those permitted by law to private and co-operative electricity generating services;

(l) manufacture of products relating to security and defence which the Government has, from time to time, prescribed by notification.

Since the private entrepreneurs have the right to undertake any kinds of economic activities in agriculture, meat and fish, forestry, industry, construction, transportation, trade, services and public entertainment except those which only the State has the right to undertake according to Section 3 of the State-owned Economic Enterprises Law, the field of economic activities for the private entrepreneurs has become very wide in deed. Furthermore, when the Government from time to time, issues notification allowing private entrepreneurs to undertake some economic activities which only the Government has the right to undertake, the private entrepreneurs will be able to undertake such activities. All these show how much encouragement the State gives to get the private entrepreneurs take an active part in the endeavour to bring about the all-round development of the economy of the State. It is expected that the entrepreneurs will, for their own benefits and for the benefits of the State and the people, undertake economic activities in the respective economic branches fully utilizing their capital, skill and labour.

If the entrepreneurs, utilizing their own individual savings and their surplus money as capital, want to set up partnerships and Companies Ltd. they are allowed to get themselves registered with the companies registration office of the Ministry of Trade according to law.

Joint-ventures

If the private entrepreneurs wish to set up joint ventures with persons and organizations outside the country to carry out economic activities, they can do so according to law. In addition to this, if they want to establish joint ventures with others, they can do so in accordance with Foreign Investment Law and procedures. In doing so, they can enjoy the guarantee, revenue relaxation and other benefits.

To export more

In striving to bring about the economic development of Burma, it is very important to increase exports. At present, the entrepreneurs have the right to export any goods except teak, oil and petroleum products, pearls, jade, precious

stones and metals. Altogether over 90 private producers have got themselves registered with the import/export registration office of the Ministry of Trade to do so.

If the private entrepreneurs export goods, import licenses for their substantial benefits are given to them on the basis of the following:

- (1) being able to revive the now-extinct export market;
- (2) being able to export new items of commodities and
- (3) exporting commodities at a loss according to the current prices in the external market.

Besides having permitted private entrepreneurs to carry out private economic activities to set up economic organizations, to establish joint ventures by promulgating laws, the State ensures benefits to those who can export commodities. I would like to urge the private entrepreneurs to cultivate, breed and produce commodities which can be exported and thus take an active part in the endeavour to bring about the all-round development of the economy of Burma.

KNU Insurgents Attack Kawkaik
42000132c Rangoon *THE WORKING PEOPLE'S DAILY* in English 3 May 89 p 2

[Excerpt] Rangoon, 2 May—About 40 KNU insurgents attacked the Tamainggon camp west of Kawkaik at about 2.05 am today and fired 14 rounds of 82 mm mortars at Kawkaik, it is learnt.

The KNU destructive elements are attacking and killing innocent travellers; they looted the aquarium and are firing at Kawkaik from a distance with high calibre weapons to disrupt the peace and tranquillity in the region.

Simultaneously, six KNU insurgents entered Kawkaik from the south along the Kawkaik Creek and set fire to the market. Due to the fire a drug store, a shop of the General Merchandise Trading, an indigenous medicine dispensary, the Township Co-operative shop, War Veterans Organization office, about 40 shops, a motor vehicle, the motor transport committee office and a primary co-operative shop were destroyed. No one was hurt in the incident and loss was estimated at about K4 million, it is learnt. [passage omitted]

SLORC To Implement Election Task
42000132a Rangoon *THE WORKING PEOPLE'S DAILY* in English 7 May 89 p 1

[Text] Rangoon, 8 May—"The State Law and Order Restoration Council [SLORC] in implementing the four major tasks would implement the fourth task of holding the multi-party democracy general election after implementing the first three major tasks in full; it has issued the estimated time-table for carrying out various stages of the work in connection with the holding of free and

fair multi-party democracy general election; and duties would be handed over to the new Government which is to be elected according to the wishes of the people and hence it is quite obvious that the situation is such that the State Law and Order Restoration Council would not hold on to the State power for long."

This was mentioned by Secretary (2) of the State Law and Order Restoration Council Brig-Gen Tin Oo at the opening of the In-service Short-Term Training Course No 2/89 for members of the State/Division, Township Sector and Township Law and Order Restoration Councils at the Combined Mess of the Rangoon Command Headquarters at 8 am today.

The Secretary (2) mentioned that this was second in-service short-term training course for members of Law and Order Restoration Councils to get together and hold discussions between the upper and lower levels. He said that the Tatmadaw after taking over the reins of power of the State formed the State Law and Order Restoration Council and laid down four major tasks.

He said that the different levels of the Law and Order Restoration Councils were with the aim of implementing these tasks. He then pointed out that this training course was opened to enable the members of the Law and Order Restoration Councils at different levels who have taken up duties to thoroughly know and understand the essence and main directives of the existing laws, rules and procedures and for implementing the tasks precisely, correctly and swiftly.

He explained the responsibility rests with the Government for restructuring the political, administrative and economic systems of the State to be in conformity with the path of democracy. He pointed out that accordingly the Government effected changes in the political and economic systems and the administrative machinery which was in conformity with the political and economic changes was systematically established. He further stated that the members of the Law and Order Restoration Councils at different levels were responsible for running the administrative machinery normally and to enable them to carry out the activities correctly, precisely and swiftly in order to serve the interests of the national people.

He told the members of the Law and Order Restoration Councils to co-ordinate the work of service organizations and to supervise over them to enable them to carry out the work correctly in accord with laws and rules.

He said necessary measures are taken and assistance provided so that genuine democracy could be practised. He said that the service personnel must be trained and nurtured so that the service personnel would know and abide by the discipline, rules and work procedures along the path of multi-party democracy.

He pointed out that the service personnel in practising multi-party democratic practices must in no way be connected with any political party and must not mingle with them. They are to dutifully perform their original task assigned by the State only, he added.

Hence it is necessary for all service personnel including the Tatmadaw to make all-round efforts in carrying out the tasks of the State in a well disciplined manner, he mentioned. He also said that this course is aimed at enabling them to carry out the tasks of the State correctly.

He stressed the need for the Tatmadaw to constantly train and raise the three skills—military skill, management skill and skill for forging unity within the Tatmadaw—and for service personnel to raise the work skill, management skill and the skill for forging unity among the service personnel.

Present on the occasion were the Commanders of No 11, No 22 and No 55 Light Infantry Divisions, the Deputy Commander of the Rangoon Command Headquarters and Commanders of the Military Regions, the Director-General of the Office of the State Law and Order Restoration Council, the Director-General of the Government Office and invited heads of department, the Directors General and Managing Directors of service organizations and directors and 382 trainees who are members of State/Division, Township Sector and Township Law and Order Restoration Councils.

Official Urges Merchants To Reciprocate 'Cetana'
42000128b Rangoon *THE WORKING PEOPLE'S DAILY* in English 28 Apr 89 p 7

[Text] Rangoon, 22 April—"The government is implementing the four major tasks and in carrying out its third major task of fulfilling the food, clothing and shelter needs of the people, it is undertaking border trade to enable not only the Government but also the private and co-operative sectors to take an active part in it. We want the Government and merchants to undertake border trade for mutual interests. The merchants are urged here to reciprocate the *cetana* (goodwill) of the Government as it is giving assistance to them to do trade freely." This was said by State Law and Order Restoration Council Secretary (I) Brig-Gen Khin Nyunt during his meeting with border trade supervision committees, departmental personnel and merchants from Muse/Namhkam Townships on his inspection tour of border trade activities on 21 April.

Foreign Loans Invested in State Projects
42000128c Rangoon *THE WORKING PEOPLE'S DAILY* in English 23 Apr 89 p 1

[Text] Rangoon, 29 April—"The State has made investment with large amount of foreign loans. The aim is to promote the interest of the State as well as that of the departments concerned. It is necessary to submit regularly and swiftly the reports on the work carried out to the heads of departments concerned. On the other hand

it is necessary to open welfare shops for workers and steps must be taken to sell the required goods at reasonable prices when they are needed. It is also needed to take measures for the workers to get their due rights within a short time and encouragement should be given to the workers in proportion to their efforts."

This was said by State Law and Order Restoration Council Secretary (2) Brig-Gen Tin Oo during his inspection tour this morning.

State Law and Order Restoration Council Secretary (2) Brig-Gen Tin Oo, accompanied by Rangoon Command Headquarters Commander Brig-Gen Myo Nyunt, No 22 Light Infantry Division Commander, No 55 Light Infantry Division Commander, the Rangoon City Development Committee Chairman, and responsible personnel of the Office of the State Law and Order Restoration Council, inspected the Insein railway over-bridge construction work, the Myanma Railways Locomotive Shed (Insein) progress of the construction work of Hlaingthaya new satellite town and the Hlaing River bridge.

Cooperatives Must Bring Down Commodity Prices
42000138B Rangoon *THE WORKING PEOPLE'S DAILY* in English 18 May 89 p 1

[Text] Mandalay, 17 May—"Co-operatives should work toward bringing down the price of rice and paddy and other commodities speedily and distributing commodities to those who are not well-to-do at reasonable price as the majority of the people are constantly at the mercy of various persons who manipulate the price of commodities and that fuel oil and other necessary items would be provided."

This was mentioned by Deputy Commander of the North-West Command Col Aung Khin in his closing speech delivered at the co-ordination meeting held at the Mandalay Division Law and Order Restoration Council office here yesterday afternoon to discuss measures for bringing down the price of commodities and to ensure smooth flow of commodities.

Present at the meeting were Deputy Commander of the North-West Command Col Aung Khin, the heads of Mandalay Division and Township Co-operative Departments and the chairman of Co-operative Societies, among others.

The Deputy Commander delivered an opening address in which he told the co-operative societies to present reports on the work carried out by them to bring down price of commodities. Secretary of the divisional Committee for bringing down price of commodities Maj Aung Thwin disclosed that the required quantity of fuel oil would be supplied for transport of goods in taking steps to bring down price of commodities and to ensure smooth flow of goods.

Paper Reports on Rice, Paddy Price Control
42000132b Rangoon *THE WORKING PEOPLE'S DAILY* in English 5 May 89 p 1

[Text] Rangoon, 4 May—"Action will be taken against those who try to destabilize the country by creating economic instability through political means. Those who carry out trade with sincerity and make mistakes in their business are to be forgiven." This was pointed out by Chairman of the Rangoon Division Law and Order Restoration Council Commander of the Rangoon Command Headquarters at the weekly co-ordination meeting between the Rangoon Division Supervision Committee for bringing down commodity prices and representatives of the traders in the meeting room of the City Hall at 1.30 pm today.

Present at the discussion were Rangoon Division Law and Order Restoration Council Chairman Rangoon Command Commander Brig-Gen Myo Nyunt, Chairman of the Rangoon Division Supervision Committee for bringing down commodity prices Commander of Mobile No 55 Light Infantry Division Col Kyaw Min, Secretary Col Maung Maung, members of the committee Col Ket Sein, Col Khin Latt, representatives of the traders who are trading in rice, oil, dried goods, meat and fish, green-groceries, wood and coal, City Developments Committee member U Hla Pe, Head of Markets Section U Kyaw Shein, Rangoon Division Cooperatives Department Head U Hla Shwe, Chairman and Leading Committee members of Rangoon Division Co-operatives Syndicate, and Chairmen of Rangoon Division Fisheries Producer Co-operative Society and Annawar-Devi Fisheries Producer Co-operative Society.

Speaking at the meeting, Chairman of Rangoon Division Supervision Committee for bringing down commodity prices said that due to joint efforts of the Supervision Committee and rice and oil traders the prices of rice and oil came down to some extent; that however these prices have risen to a point higher than that should have been after the Thingyan; and that discussions should be held on the cause of the rising of prices.

Rice traders U Nyein of Lanmadaw, U Sein Win of Pazundaung and U Myint Lwin of Kemmendine, taking part in the discussions, disclosed that there are large quantities of rice and paddy with the rice traders and farmers and there is no shortage of rice and paddy. They point out that the vessels plying along Irrawaddy coastal regions were laden daily with 200,000 to 300,000 bags of rice. The prevailing price of rice is not appropriate and it is mere rumour spread by unscrupulous elements that the price of rice would soar up. There is a surplus of about 5 million baskets of paddy in Twante, Kawhmu and Htantabin, they revealed. They pointed out that rice traders and farmers were keeping the paddy in their hands waiting to get the same price as in the previous year.

They explained that the price of rice rose as very small quantity of rice came into Rangoon and there was rice only in the hands of rice traders and farmers and not with the consuming public.

They pointed out that the State should fix the price of rice in order to control the price of rice.

It has already been said that the State would disburse loans in a systematic way, if necessary in order to stabilize and bring down the prices of rice and cooking oil.

If the price hike is due to transportation, reports should be made to authorities concerned at any time. Necessary vessels, trains and machine oil would be provided sufficiently if the commodity prices would really fall down. But one condition is that the prices must fall down. The authorities on their part would render help as far as possible.

We would stabilize and bring down commodity prices without fixing prices. In our ancient scriptures there is a saying that raising of commodity prices is something like killing the poor. And so those traders attending this meeting should take care not to raise the commodity prices which would amount to "killing the people". The traders are urged to earn right livelihood (*samma ajiva*) thereby serving the interest of the country.

As regards the traders' question on the State's controlling the price of rice, since the State is practising the open-door economic policy, the commodity prices would not be controlled. We would like to urge the traders to co-operate with us with firm belief in order that the people might not face with hardship. As we are in the same boat on the same journey, we can in no way be separated from one another. Traders are requested to be grateful to the country and its government, to earn right livelihood and to give good advices. And if the traders wish to forward their suggestions individually, they can come and make good suggestions at any time. What is important for the traders is to do their business without cheating. The rumours to the effect that the rice traders are being arrested are all false. Action will not be taken against any rice traders so long as they do their business in accordance with the laws. Action will be taken only when they breach the laws. The example would be like the orchestra and its conductor. Music is to be played in tune with the signs of the conductor. We are to dance in accordance with the music. If the musician plays the ogre music, the dancer is to perform the ogre dance and if the musician plays the pas de deux music, the dancer is to perform the pas de deux. We only want to perform the pas de deux. *Cetana* is important. If the traders adopt good attitude they will be able to enjoy the same benefit like the saying "As you sow, so shall you reap." The meeting then ended at 4.30 pm.—NAB

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

Profile of Sihanouk Aide

42000120b Sydney THE SYDNEY MORNING
HERALD in English 6 May 89 p 21

[Text] JAKARTA, Friday: When His Royal Highness Samdech Norodom Sihanouk of Cambodia marched past his honour guard and stepped onto his VIP flight at Bangkok airport, there was a part-time court translator from Melbourne trailing behind, carrying his bag.

Julio Jelvares had been called by the prince to take up his second part-time job—as royal private secretary—and join the royal entourage in Jakarta.

Prince Norodom Sihanouk and his court have spent the best part of the past 20 years dragging their trunks and suitcases around the world, looking for friendly hosts, while Cambodia has remained at war.

Julio Jelvares lives in a one-bedroom flat in a Melbourne suburb and works for the Government Interpreting Service.

When he can do so, he joins the prince at his palaces in Beijing and in the North Korean capital of Pyongyang or the suites of Asia's best hotels, where the prince works out the extraordinary political alliances that ensure foreign recognition and support for his Government-in-exile.

This week Mr Jelvares was in Jakarta, where the 67-year-old prince was negotiating another deal with Cambodia's socialist leaders which would allow him to return home to Phnom Penh as Head of State.

Mr Jelvares's job is to deal with the English-language international press. He hands out statements in English about the latest developments in the prince's quest to return to Phnom Penh. In exchange Mr Jelvares receives the prince's friendship, a place in the royal entourage, VIP air travel and his hotel expenses. That is all.

The story behind the prince's Australian private secretary is almost as bizarre as the prince's own life.

When Julio Jelvares was 16 he was fascinated when he saw Jackie Kennedy on television visiting Cambodia. He decided to write to the Cambodian Ambassador to the United Nations for more information.

Mr Jelvares's family was then living in Chile. He forgot all about his letter, he said, until a mail truck arrived at his house one day instead of the regular postman on foot.

The truck was carrying piles and piles of books about Cambodia and a letter from the prince himself.

Mr Jelvares, now 38, says he and the prince became "pen pals".

After he finished high school, Mr Jelvares and his family migrated to Melbourne. In Australia he studied Chinese foreign policy at university, the closest thing he could find to Cambodian studies.

In 1981, Mr Jelvares visited North Korea at the invitation of the prince.

"It was like meeting an old friend," Mr Jelvares said of his first meeting with Prince Sihanouk.

Mr Jelvares went back to work in Melbourne until the prince called him again, this time to set up an English-language office for his Government-in-exile, based in Bangkok.

He wrote newsletters, issued press statements and sat in on high-level diplomatic negotiations.

Soon, he developed an unshakable loyalty to Prince Sihanouk, who is known for his erratic diplomacy and lavish lifestyle.

Next week Mr Jelvares will be staying at the Oriental Hotel in Bangkok, acting as the prince's personal valet.

Then, the next month, he will be back in Melbourne catching a tram to work at a local court where he translates from Spanish to English.

Mr Jelvares modestly agrees that his one letter introduced him to an extraordinary life.

But does anybody of the local court in Melbourne believe his story?

"Well, I don't go around waving a flag. I live a very ordinary life, I don't even have a car, but my apartment is full of Cambodian silver—it's from His Royal Highness."

STATE OF CAMBODIA

Atmospherics of Hun Sen Thailand Trip

42070094e Bangkok THAI RAT in Thai
7 May 89 pp 1, 23

[Excerpt] [Passage omitted] The meeting between Gen Chatchai Chunhawan, the Thai prime minister, and Mr Hun Sen, the prime minister of the Vietnamese-backed Phnom Penh regime, on the morning of 6 May was a very confusing affair. Reporters were misinformed; that is, they were told that the meeting would be held at Ban Ratchakhru at 1000 hours. Thirty policemen from the Phyathai Police Station under the command of Police Maj Gen Prasong Wasikanon, the commander of the Northern Bangkok Metropolitan Police, were stationed in front of Gen Chatchai's house. And guards were

posted at the gate in order to prevent photographers from climbing up and taking pictures. But actually, Gen Chatchai had left his house at 0900 hours in order to meet Mr Hun Sen in the Ambassador Swiss Room on the fourth floor of the Ambassador Hotel at 0940 hours. Air Chief Marshal Sitthi Sawetsila, the minister of defense, Gen Panya Singsakda, the secretary general to the prime minister, MR [royal title] Thep Thewakun, the director-general of the Political Department, Ministry of Foreign Affairs, and the advisory team to the prime minister attended the meeting, too. Initially, 10 important Thai officials discussed matters with Hun Sen while having coffee. After that, Gen Chatchai and Mr Hun Sen went into another room to discuss things privately. There was then a meeting attended by all the Thai and Cambodian officials there. At noon, the 30 officials had lunch together. Attending on behalf of the House Foreign Affairs Subcommittee were Mr Phiraphan Phalusuk and Mr Sutham Saengprathum.

After lunch, at approximately 1300 hours, Gen Chatchai and Mr Hun Sen took the elevator downstairs and shook hands so that reporters could take pictures. Mr Hun Sen told reporters that "on the path of friendship, we will make progress toward national reconciliation in Cambodia. I would like to thank the prime minister of Thailand for helping to bring about national reconciliation. I will say good-bye now." Mr Hun Sen then hugged Gen Chatchai before getting in the car to leave the Ambassador Hotel for his meeting with Gen Chawalit Yongchaiyut, the RTA CINC and acting supreme commander, at the army auditorium.

General Tie Banh Comments, Thai MP's View VPA Withdrawal

42070094a Bangkok MATICHON SUT SAPDA in Thai
7 May 89 pp 54, 55

[Excerpt] [Passage omitted] Gen Tie Banh, the Cambodian minister of defense, who plays an important role in military affairs, told Thai MPs and reporters that all Vietnamese troops will have been withdrawn from Cambodia by the end of September. Only a few technical officers or instructors will remain.

"There have been reports that the Vietnamese soldiers will take off their uniforms and put on Cambodian uniforms. But that's impossible. Vietnamese and Cambodians have different physical features, and our cultures are different. Thus, it would be impossible for Vietnamese soldiers to pose as Cambodian soldiers," said Gen Tie Banh. He said that after September, he would be willing to take us anywhere we wanted to go so that we could see things for ourselves.

Gen Tie Banh said that Vietnamese troops are now preparing to withdraw. They will take some of their weapons with them. But some of the weapons will be

turned over to the Cambodian military so that it can resist the Khmer Rouge, which is led by Pol Pot, or the great executioner as the Cambodian government calls him.

The Thai delegation asked to visit a military installation in order to verify this. Finally, Gen Tie Banh allowed the Thai delegation to visit the Chiwalom Camp in Long Vek District, Kampong Chhnang Province, which is located about 50 km north of Phnom Penh.

This military camp is a divisional-level camp. It was once an important combat headquarters of the Vietnamese and Heng Samrin militaries in the struggle against Pol Pot's forces. It was said that every commander who served here would have to be awarded a medal for bravery.

The delegation of Thai MPs and reporters were escorted to this camp by a force of armed soldiers. They were armed with rifles and RPGs. It was very hot that April afternoon. We travelled along an asphalt road that was filled with potholes. Because of this, the truck could go only about 50-60 km an hour.

On both sides of the road, you could see the ravages of war. For example, the bridge across the Mekong River, which had been bombed, could not be used. Combat and cargo vessels that had been attacked and severely damaged were docked along both banks of the Mekong River.

Just outside Phnom Penh, there were police and military checkpoints. However, the inspections were not very strict. One thing worth noting is that the buses running to and from Phnom Penh were filled with people.

One of the soldiers accompanying us said that "there is now no fighting in or around Phnom Penh. Everything is peaceful. You probably expected the situation to be different. The Khmer coalition like to distort things and say that it can attack wherever it wants. But the reality is very different."

Even though that was propaganda, too, from what we could see, there was some truth to what he said. Many people were living along both sides of the road, and there were many women and children there.

Even though things were peaceful, in the sense that there was no fighting, it was obvious that the Cambodian people were having to wage a struggle against poverty. It will be difficult for them to build a happy life, particularly in the struggle against poverty.

It took us about an hour to reach the military camp. Before we reached the camp, we saw a large number of artillery shells along the way, which indicated that there had once been heavy fighting in this area.

We finally reached Long Vek Subdistrict, Kompong Chhnang Province, the location of this military camp. You could see the damage caused by the fighting. The buildings were dilapidated, and there was evidence of damage caused by artillery shells.

After receiving permission to enter the camp, we saw many Soviet armored vehicles parked in rows. They all had the Cambodian national flag painted on them, with the picture of Angkor Wat inscribed inside. Everything looked peaceful. We were told that the Vietnamese troops had withdrawn from here in 1982 because the situation here was stable.

We asked many questions, but the soldiers usually said that they didn't know or that they had just been transferred here and so didn't know what the situation had been like before. This disappointed the delegation, because it wanted to learn more than that. The officers accompanying the delegation stressed that there were no Vietnamese soldiers in this camp. They said that if we didn't believe them, they would take us everywhere in the camp so that we could see for ourselves. We declined this offer. It probably wouldn't have done us any good to go and look for Vietnamese soldiers. Because the real question is whether the Vietnamese troops are really preparing to withdraw or whether this is just an act. Whether there were troops here was not the important issue. The important thing was that they should have provided data on the stages of the troop withdrawal.

Even though we could see that the Vietnamese forces had been withdrawn from this camp, we didn't know to where they had been withdrawn, and no one gave us a clear answer to this question.

However, our trip to this military camp did show us that the Heng Samrin government is able to control the situation in Phnom Penh and the surrounding area. Based on the number of soldiers that we saw and the laxity that they displayed in maintaining security, it was clear that Heng Samrin's administrative power here was quite strong.

It is believed that the Heng Samrin forces control most of the country. This is in accord with the statements made by Gen Tie Banh, who said that the fighting is now confined to the Thai-Cambodian border area. He said that if Thailand stops aiding the Khmer Rouge, it will be easy to defeat them.

The day after our visit to the military camp in Long Vek Subdistrict, we travelled to Siem Reap Province, which is about 150 km from the Thai border. Angkor Wat and Angkor Thom, two of the great wonders of the world, are located in this province. Even though the situation in general is peaceful, there were still many Vietnamese and Cambodian soldiers posted here. It was common to see armed Vietnamese soldiers buying things at one of the many shops in the area. However, it is worth noting that Cambodian officials often expressed displeasure when

asked about these Vietnamese soldiers. They often said that they didn't know anything about them. Or they changed the subject. Thus, we didn't learn much about the withdrawal of these forces.

But based on the assurances given by high-level Cambodian and Vietnamese leaders and on other factors, it is believed that the Vietnamese will in fact withdraw their troops from Cambodia as announced. The delegation of Thai MPs and reporters hope that that is true. Because only by withdrawing the Vietnamese forces and giving the Cambodian people a chance to govern themselves will it be possible to restore peace in Cambodia and improve living conditions there.

KPRAF Troops May Cache Weapons in Thailand
42070094b Bangkok DAILY NEWS in Thai
1 May 89 pp 1, 12

[Excerpt] [Passage omitted] At 0920 hours on 30 April, Police Cpt Chatmongkhon Phonphai, the acting commander of BPP [Border Patrol Police] Company 126 at Ban Khao Noi Sichomphu in Khlong Namsai Subdistrict, Aranyaprathet District, Prachinburi Province, received word that there had been an explosion near the Thai-Cambodian border. He immediately went there with Police 1st Lt Winya Thiamrat, the leader of BPP Platoon 1262 and a force of BPP officials. The incident had taken place in the jungle about 700 meters from the border. The officials saw a large hole and footprints all around the area. A short distance from the hole caused by the explosion, they found 2 anti-tank mines, four 82-mm recoilless rifle shells, 9 Soviet PMD explosives, 1 Sekase rifle, 1 AK rifle and 60 rounds of ammunition, 2 RPG-7 rounds, 1 RPG-4 round, and 3 PGM Set-2 grenades. The BPP officials confiscated all the weapons.

Police Lt Col Seksan Unsamran, the deputy BPP superintendent in Aranyaprathet District and acting superintendent, ordered the weapons taken to the 12th BPP Precinct for inspection. It was found that the weapons were all in good working order. It was assumed that these weapons had been cached there by Heng Samrin forces and that they had emplaced tank mines out of concern that Thais would inspect the border area. But there had been an explosion and so they withdrew.

Leaders Comment on Marxism, Party Role
42000136 Bangkok BANGKOK POST in English
19 May 89 p 6

[Article by Jacques Bekaert: "The Party—Still a Dominant Force"]

[Text] Is the State of Cambodia—the new name of the People's Republic of Kampuchea since April 30—still a socialist country?

"It never was," says Prime Minister Hun Sen. "The market has always been in private hands." But party documents, proclamations and instructions published

after January 7, 1979 (the day the PRK was officially formed) have again and again insisted on the leading role the party inspired, enlightened by Marxist-Leninist philosophy. Last month the National Assembly voted unanimously to eliminate from the Constitution any reference to "socialism" or "revolution." So, what is the real nature of the Cambodian state today? Socialist or, as the amended Constitution proclaims, "neutralist, non-aligned, peaceful"?

In an interview in Jakarta, following his successful round of talks with Prince Sihanouk, Mr Hun Sen, when asked about the role of Marxism, Leninism in Cambodia, told us that "people can believe what they want. Ideology is not very important. The party now stands for peace and prosperity." Even Margaret Thatcher could agree with such a line!

On the other hand, a few days before, in Phnom Penh, General Pol Saroeun, the commander-in-chief of the Cambodian Armed Forces (CAF) said during an exclusive interview that "Marxism was what people wanted. Marxism Leninism means Justice, Humanity, Civilisation." Pol Saroeun is the former party boss of Takeo province and, most sources say, a very capable man.

Earlier in April, in Siem Reap, one of the city's leading party committee members explained that "Marxism Leninism was a mistake of the past." The party, he told us "wants people to get rich. If people are rich they will love the party." Mr Hun Neng, Hun Sen's older brother who is the party secretary of Kompong Cham province, did not say anything different. "We want people to be prosperous."

The question is: Do you really need a party to tell people they should get rich? Or: What is the role of the party, today, in Cambodia?

The People's Revolutionary Party of Cambodia (PRPC) traces its roots to the Communist Party of Indochina founded in 1930 by Ho Chi Minh on instructions from the Komintern. It celebrates people like Tou Samouth, the secretary of the Communist Party of Cambodia until 1962, when he vanished, maybe killed by the Pol Pot faction (Boulevard Norodom in Phnom Penh was renamed after Tou Samouth).

The January 7, 1989 parade, celebrating the 10th anniversary of the regime, had all the trimmings of a visual socialist feast. But Marxism Leninism (or the doctrine of "Max Lenin" as one official called it several years ago) is certainly losing ground. The political commander of a regiment in Kompong Chhang explained that the main task of the political classes was to explain clearly to the soldiers who was a friend and who was an enemy. Marxism Leninism? "That's something for the Centre to decide. I am not concerned with that," he replied. But the party, whatever its ideological stand, remains the major if not the only seriously organised force, in Cambodia.

As the Siem Reap party official told me, "The role of the party is to control everything." In the State of Cambodia the only real state is the party. This is especially true in the provinces, where the (voluntary) confusion between party and state is almost complete.

As Madame Men Sam-an, a member of the PRPC politburo of long standing, told the members of the Kratie provincial provisional party committee on the occasion of the party's first congress (Phnom Penh Radio, March 25): "Under the PRPC's leadership, with bare hands after the liberation, we have built a new national infrastructure with revolutionary state authorities from central to local levels."

She added that "on the task of building and strengthening the party, since the party's fifth congress (in October 1985), we have been paying attention to firmly building the party politically, ideologically and organisationally by firmly adhering to Marxism-Leninism as the ideological basis."

More inscrutable (but maybe revealing a touch of humour) was Ney Pena, the chairman of the party's Central Committee Propaganda and Education Commission, when, a few days before, he told members of the party in Pursat: "Gradually, the party committees at all levels throughout the province have worked to grasp and imbue themselves with the line, principles, and policies of the party's Central Committee; have skillfully implemented the line, principles and policies in accordance with the specific conditions of each period and with the particular local character of the province and mentality and tradition of the people in the province."

In preparation for the Cadres' Conference that took place in Phnom Penh in early April, every province held a party congress. It provided interesting information on the official beliefs of the organisation and its original strength.

"In January 1979, the party in Kompong Cham had no more than two or three members," said Mr Hun Neng. "No more than six members," a Siem Reap official said. In other provinces, when revealed, figures were usually as low, less than 10 members. "By the time of the fourth party congress in 1981, we had no more than a few hundred members in the entire country," another party official said in Phnom Penh.

When I asked Mr Hun Sen last November in France what was the strength of the party, he replied that it now had "at least twenty thousand members." More recently he spoke of "tens of thousands."

Western experts believe the party to have close to 10,000 members. With many more at the "core" (small in Khmer) level—a preparatory stage to full admission to the party.

Is Communism, or Marxism-Leninism as they say in Cambodia, popular with the masses? A leading member of the politburo and a long time militant, Mr Hun Sen believes that the party and its popularity have been badly damaged by Pol Pot. "The Khmer Rouge gave a bad name to the party, and even today we still suffer from the damage," he told me in France last year.

While some of the members of the politburo may not be fully aware of the low level of acceptance of the Marxist ideology by the population, Mr Hun Sen seems to understand that, after the radical Pol Pot experience, most Cambodians would, if offered a choice, prefer something else than another spoonful of communism.

"The people don't like socialism," he told me in Phnom Penh a few weeks before the National Assembly modified the Constitution. He said in Jakarta that he would personally have no problem to include multipartism—as required by Prince Sihanouk—in the Constitution.

So what is the future of the PRPC? It certainly does enjoy a dominant role in Cambodia. The country may have few dedicated Marxist-Leninists but there is a growing number of people who benefit from being members of the party. Being the major source of power, it is also the major source of privilege. "The fastest way to become rich is to be a provincial party secretary," a senior Phnom Penh-based East European source said. "Many party officials are afraid of changes because they fear for the future of our advantageous position," a party insider added.

Even with the amended Constitution, the party is still in charge of education, national defence, provincial army (normally under the authority of the governor, but it seems that he is automatically a leading party member), district and village authorities, trade union, women's organisations, youth organisations, newspapers, radio and television, the Front, imports of cars, Heineken beer (a party official in Kampot said it was normal for the party to assist the import of beer, since it made people happy!).... It is a long list that envelopes every aspect of the society.

A real change in the nature of Cambodia will require deep modifications in the role of the party and its position in society. But as Mr Ney Pena said rather mysteriously to the delegates from Pursat: "It is imperative to link the forces of the nation with the forces of the time."

General Tie Banh on KPRAF, CDGK Stance
42070094c Bangkok THAI RAT in Thai
26 Apr 89 pp 1, 6, 23

[Excerpt] [Passage omitted] During the visit to Cambodia by the House Foreign Affairs Subcommittee, Gen Tie Banh, the Cambodian minister of defense, talked with reporters in Phnom Penh. The first thing that he said was that Vietnam would definitely withdraw all its

forces from Cambodia. Vietnam and Cambodia agree that it is no longer necessary for Vietnam to station troops in Cambodia. Vietnamese troops will continue to be withdrawn over the coming months, with the troop withdrawal completed by the end of September. Gen Tie Banh said that after Vietnam has withdrawn its forces, Cambodian troops will defend the country. The Cambodian minister of defense said that Cambodia has fewer than 200,000 troops on active duty, because it cannot support more than that. But it has more forces than that. This includes village militia forces. They have been armed and taught how to defend themselves from attack by Pol Pot forces. Gen Tie said that "my village militia forces have a lower standard of living than the Thai Regional Security Volunteers."

The Cambodian minister of defense said that he would like to ask the Khmer coalition what they want. But what cannot be done is to dissolve the present Cambodian government. That would lead to confusion and make it difficult to control the situation. The proposal to reduce the size of each faction's forces to just 10,000 men would give the opposition too great an advantage. That is unacceptable. The Khmer coalition would have 30,000 men as compared to his 10,000 men. And if their forces were reduced to 10,000 men, where would those troops be stationed?

Gen Tie said that in view of the fact that everyone knows that the Pol Pot faction is evil, Thailand should stop giving them aid and force them across the border into Cambodia. "Because I can't cross the border into Thailand to suppress them, I have to use artillery." He also said that if he crossed the border to attack them, that would be bad for both Thailand and Cambodia, because it's impossible to tell where bullets will go. Gen Tie said that "if the Khmer coalition forces were in Cambodia, I could smash them within 6 months."

Capabilities for Anti-Khmer Rouge Operations in Prey Veng
42000130 Bangkok THE NATION in English
14 May 89 p 7

[First paragraph is introductory paragraph]

[Excerpt] In this second of a two-part series, Ben Kiernan details the guerrilla warfare against the Phnom Penh regime. Ben Kiernan is a senior lecturer in history at the University of Wollongong, New South Wales, Australia. He is the author of the book *How Pol Pot Came to Power*. He contributed this two-part article to *The Nation*; the first part was published last Sunday.

There was little Khmer Rouge activity in Prey Veng province, on the east bank of the Mekong River, from 1979 to 1985. The province governor was wounded when his car hit a mine in July 1986, Khmer Rouge snipers assassinated a sub-district official in Sithor Kandal district in the north of Prey Veng near Kompong Cham and then made their escape. Later, on the night of

January 20, 1989, 90-100 Khmer Rouge massed and attacked the district town of Sithor Kandal. The province governor and other officials were conducting a meeting there. The governor escaped but four Vietnamese troops, nine civilians and two Khmer soldiers were killed. The district chief escaped only in his underpants. The Khmer Rouge burnt down "everything", including the district office. They beheaded their dead comrades and took the severed heads with them as they retreated, so that they could not be recognized.

These Khmer Rouge were led by Khan Soeun, commander of DK's 920th Brigade. Soeun's parents, who were natives of the area, were taken in for questioning by PRK officials. They said he had joined the Khmer Rouge in 1970, and disappeared until 1975, when he came home for three days after the war ended. His parents claimed that they had never seen him again until 1986. He is variously said to have been a regimental commander in the district from 1975 to 1979, or even vice minister of defence under Pol Pot's deputy prime minister, Son Sen. Soeun had obviously retreated to the west with the DK forces in the face of the Vietnamese onslaught of 1979.

Khan Soeun returned to visit his parents early in 1986. Locals quickly reported his unit's arrival to the PRK authorities; but troops sent out to capture them were unable to locate them, and the Vietnamese forces in the area were disinclined to believe the story. It appears that the Khmer Rouge were mostly locals who had returned from the Thai border and were able to count on their relatives to supply them with food. The district chief turned out to be Khan Soeun's cousin. After his bare escape, he was demoted to a member of the district committee.

On January 8, 1987, Khan Soeun's forces returned to the fray in Prey Veng and attacked a district/provincial armed forces base at Khum Kompong Prang in Peareang district. They were well-armed. (A section of 10 Khmer Rouge is reported to have 7 AK-47's and 3 B-40 rocket launchers.) It is not known whether they inflicted any casualties in this attack, but that night I overheard a PRK officer say that if there were any, it would be kept quiet "The situation is not good," he said. "Wow, they even dared to attack an army position," a militia guard said after the officer had left.

In August 1987, the last Vietnamese advisers withdrew from Sithor Kandal district, and they were followed by the remaining Vietnamese troops. But in December 1987 January 1988, Soeun's band came back to his village there on five occasions, looking for food. The local authorities did not discover this until the group had again crossed the Mekong and returned to Kompong Thom province, where they hide out during the rainy season. But before then they struck again. On January 4, 1988, 20 of Soeun's guerrillas disguised themselves as civilians to attend a video screening in a village near Chihe in neighbouring Kompong Cham province. After

the screening was over, the infiltrators opened fire from the crowd, killing the sub-district police chief and one militia member, and wounding two others.

Three days later, while the country celebrated the defeat of the Pol Pot regime, a force of 90 of Soeun's troops was seen on the road between Prek Pou and Koh Sautin. Soon afterwards they returned to Kompong Thom, and there were no more incidents in the area in 1988. But fighting broke out again in Sithor Kandal in January 1989, following the usual pattern of the previous three years.

These incidents in Prey Veng may be a good illustration of the war in Cambodia. The Khmer Rouge are able to strike in many parts of the country, even those far from the Thai border. They are well armed and they benefit from limited local support; but they also have many enemies who will report their movements to the PRK, and their ability to damage the PRK is limited even in a province like Prey Veng where there are few if any Vietnamese troops. The PRK has had to pour out much of its budget on defence, but 6 incidents in three years have not disturbed its control of the province. The PRK militia in Prey Veng consists of 17,000 armed villagers, and there are at least 10 battalions of PRK district forces, plus a provincial regiment. These face about 100 Khmer Rouge, but have been unable to destroy them so far. [passage omitted]

Reporters Comment on Economic Conditions. Hierarchy

42070094d Bangkok THAI RAT in Thai 27 Apr 89 p 3

[Excerpts] [Passage omitted] Even though Pochentong Airport, where our aircraft landed, cannot be compared with Dong Muang Airport, it is not much different from provincial airports in Thailand. [passage omitted]

Phnom Penh has almost 20 movie theaters that show Indian and Cambodian movies. There are four hotels, and another large and modern hotel is presently under construction by a Hong Kong company. The Soviet Friendship University has four faculties: engineering, electricity, construction, and architecture. [passage omitted]

What made us very proud was that the Thai baht is very strong there, even in the heart of Phnom Penh. It is even stronger than the U.S. dollar. Several sellers refused to accept dollars but were glad to accept baht. [passage omitted]

Because Cambodia is still a rather closed society, Cambodians do not know much about the outside world. There are three television channels—one Cambodian channel and two transmitted by satellite from the Soviet Union. There are two radio stations and a government newspaper.

The income of the Cambodian people is still very low. Salaries of government officials, for example, range from 900 riel (about 150 baht) to 3,000 riel (about 460 baht). Masangnai Kabaltanon earns 3,000 riel a month. [passage omitted]

Politically, Cambodians said that the most powerful men in Cambodia were, in order, Heng Samrin, Hun Sen, Chia Sim, and Tie Banh. Everyone talked about the effort being made to bring about peace and hold an election in the near future if the Khmer coalition agrees. [passage omitted]

Australia Extends Soft Loan for Communications System

42130094b Jakarta *MERDEKA* in Indonesian
26 May 89 p 9

[Text] Australia and Indonesia have signed a soft-loan agreement of more than 80 billion rupiahs for a new communications system for the railroad network on Java.

The agreement was signed in Jakarta yesterday by Drs Benyamin Parwoto, budget director of the Department of Finance, and by Graham Nottle, export-import manager of the Export Finance and Insurance Corporation (EFIC), which is part of the Australian Trade Commission (Austrade).

Phillip Flood, Australia's ambassador to Indonesia, said that this is the first large telecommunications project that Australia has supplied to Indonesia.

"I am very happy that this agreement has been signed because trade relations are a most important way to increase relations between our two countries. I hope to see further cooperation, particularly in the field of telecommunications," he said.

This up-to-date system consists of a very secure digital microwave network that will channel information about railroad movements over the entire 2,500-kilometer railroad system on Java. An up-to-date radio system will carry these data directly to the train engineer all along the train's route.

This system will be planned, built, and installed by LSE Technology Pty Ltd, a company in Sydney. The managing director of the company was present at the signing of the agreement.

Under the contract, Indonesians will be employed in preparing the places where the system will be installed and in constructing the necessary infrastructure.

This project will also put control equipment and an observation system in place in order to help with maintenance.

"Austrade has already been able to offer a soft loan in various currencies and at favorable interest rates, and I can say with pleasure that it is better than a number of serious international competitors," said Nottle.

"We hope that this will be the beginning of a series of joint telecommunication projects between Indonesia and Australia."

The project will be located in 77 spots along the rail network in Java, and more than 80 PJKA [National Railroad Service] technicians will be trained in running and maintaining the equipment.

A survey of locations will begin shortly and it is expected that the first part of the system will begin operation before July 1991. The other parts of the project will be completed before May 1993.

GOLKAR Official Responds to Internal Disagreement Reports

42130092b Jakarta *PELITA* in Indonesian
16 May 89 p 1

[Excerpt] Ujung Pandang, PELITA—Wahono, general chairman of the GOLKAR [Functional Groups Organization] DPP [Central Executive Council], emphasized that the differences of opinion among GOLKAR cadres are acceptable. The important thing is that we must be careful not to generate polemics that can be taken advantage of by other people.

For example, we must avoid issues that the press can sensationalize to create an impression of division among GOLKAR cadres. In reply to reporters' questions on Monday afternoon [15 May] about several recent lively issues in Ujung Pandang, Wahono said he felt that opinions are still within acceptable limits.

When asked about the RUU [draft legislation] on religious justice, he said he felt what is mandated in the legislation is very significant to the completion of the four judicial pillars in Indonesia.

"We already have military, public, and government administration judicial systems. A religious judicial system is what is still lacking," Wahono said.

As Wahono explained at Kendari on Sunday night [14 May] when he briefed leaders of GOLKAR DPD's [regional executive councils] at regional levels I and II from throughout Southeast Sulawesi, the RUU on religious justice is needed to strengthen the authority of the religious judicial system, which is still unclear.

"It is referred to as 'religious justice' because it has always been called that and is thus quite acceptable," he declared. Therefore, if the RUU becomes an issue, GOLKAR cadres should be careful in making statements so as not to generate polemics that the press can sensationalize to give the impression of division among GOLKAR cadres.

Impression

"All statements should be based on Pancasila, the 1945 Constitution, and the GBHN [Broad Outline of State Policy]," Wahono said on Monday afternoon in response to a reporter's question about several recent lively issues in Kendari.

Wahono, who was accompanied by GOLKAR DPP Secretary-General Rahmat Witular, said that because of several press reports there is an impression of division

among GOLKAR cadres regarding government policies on electricity rates, the religious justice RUU, and the 5-year national leadership mechanism.

"Press reports give the impression of division, whereas what exists are simply acceptable differences of opinion," he emphasized.

In explaining the position of the FKP [GOLKAR Faction], which submitted three alternatives to the government policy on raising electricity rates, Wahono emphasized that this does not mean the FKP opposes the government. The FKP's criticism and proposals actually constituted creative support for the government by GOLKAR cadres.

The FKP and GOLKAR realize that under Law 15 of 1985 the authority for raising electricity rates lies with the government. Nevertheless, the FKP, as representatives of the people, must react to the electricity rate increase in a way that fulfills its responsibility to voice the aspirations of the people.

When asked his view on the accomplishments of the FKP Electricity Team, Wahono said he was proud of them for having worked hard and without remuneration.

As for the recent lively polemics on the 5-year national leadership mechanism, Wahono stated that the mechanism is clear, namely that the candidates for president and vice-president are nominated by the MPR [People's Consultative Assembly] factions. "Thus, it is entirely the authority of the MPR, and we must not run ahead of them," he said.

Communications Forums

As in his briefing at Kendari, Wahono reemphasized the importance of creating communications forums among GOLKAR cadres in executive and legislative circles as well as in the community.

Such forums are very important for seeking input and solving existing development problems. He said that forums like that have been created in the DPD's by selecting members from GOLKAR cadres in executive and legislative positions. [passage omitted]

Batubara: Industrial Development Will Absorb More Workers

42130093a Jakarta ANGKATAN BERSENJATA
in Indonesian 26 May 89 p 9

[Text] Future industrial development will be directed more toward deepening and strengthening Indonesia's industrial structure by increasing the connection between industry and the industrial sector itself and other industries, such as those that process agricultural products, and by diversifying industries that support exports.

In order to achieve this development, a larger, more skilled and expert work force, in terms of both skills and quality, must be available. This need must be anticipated by educational and training institutions as well as by industry.

Drs Cosmas Batubara, minister of manpower, made these statements in a speech that he gave at a seminar entitled the Third Scientific and Technological Economic Meeting held on the ITB [Bandung Technology Institute] campus on Wednesday [25 May]. The seminar was sponsored by ITB Bandung's Industrial Technology Department as part of ITB's 30th anniversary.

Drs Batubara hopes that the industrial sector will achieve an 8.5 percent growth rate in the upcoming PELITA [5 Year Plan] V. With such a growth rate the industrial sector will be able to absorb 2.3 million workers.

The minister is paying close attention to the industrial sector because it will be able to create new jobs and will create the need for new jobs in the future.

The minister also explained that 11.5 million new jobs are targeted for PELITA V. Of these, 2.3 million, or 20 percent of the total increase in the work force, will be absorbed by the industrial sector. The projected growth in the work force during PELITA V is 11.9 million people.

To be able to channel this work force into jobs, the minister said, the industrial sector must be an integral part of the total development plan. "Only in this way can development in the industrial sector move along smoothly," he said.

Information

Steps to be taken to support industrial development include developing a system of industrial information, industrial work force planning, and efforts to increase education and vocational training.

In this connection in particular, Cosmas Batubara hopes to increase cooperation between educational and vocational institutions by involving businesses, especially in view of the fact that the direction of future industrial development will be a deepening of industrial structures and industrial diversification. This will require a large and diversified work force of high quality.

The increase in cooperation among educational institutions, vocational schools, and industry can be brought about in part by increasing the quality of teachers and instructors and by increasing educational and vocational facilities.

With cooperation among these three institutions it is hoped that a large part of the industrial sector's needs for expert and skilled workers can be filled, said Batubara.

Attorney General Bans Books on Guerrillas, Democracy

42000139 Rangoon *THE WORKING PEOPLE'S DAILY* in English 22 May 89 p 11

[Text] Djakarta, 21 May—Indonesia said it had banned six books because they threatened national stability, including one in English that was published four years ago.

Attorney-General Sukarton Marmosujono said in a statement he had banned *Indonesia's Secret War*, written by Australian Robin Osborne about a guerilla movement in Irian Jaya—Indonesia's half of New Guinea. It was published in 1985.

"The book could undermine the people's trust in ABRI (the Indonesian Armed Forces) and the national stability," the statement said.

Asked why the ban had only now been imposed, an official at the Attorney-General's Office said: "We needed time to study it."

Another book in Indonesian, *For Democracy*, which was published in the Netherlands was also banned. "It could lead the people to a way of thinking, the (Government) is not democratic," the statement said.

The others were about Communism or Islam.

Interior Minister Remains Neutral in PPP Affairs

42130093b Jakarta *SUARA PEMBARUAN* in Indonesian 19 May 89 p 1

[Text] Interior Minister Rudini, as a political developer, cannot side with one or another committee group at the upcoming PPP [United Development Party] congress. Rudini stated that the legal committee structure of the congress is the one signed by the general chairman and the secretary general.

"The government does not give its blessings to Naro. If it seems that the government is giving its blessings to Naro, that is not true," said Rudini in answer to reporters' questions after he saw President Suharto at the Istana Merdeka [president's office] Saturday [13 May] afternoon.

Rudini added that as a political developer he must be guided by law number three and by other laws. The mechanism for political development is found in the Golongan Karya [Functional Groups Party] and in the other two sociopolitical organizations, which must be developed and must run smoothly. One of them cannot be allowed to fall apart.

Since all three of them have accepted PANCASILA [Five Principles of the Nation] as their sole basis, they have developed on the basis of PANCASILA democracy, that is, they are constitutionally and democratically based.

Rudini repeated that, although he has said that a legal committee structure is the one signed by the general chairman and by the secretary general, that does not mean that he is taking sides.

He hopes that a spirit of unity will develop in that organization and that it will emphasize negotiation as the way to achieve agreement. The upcoming congress should be democratic and not have a single leadership designate.

Explaining this last point, Rudini said that the leadership designate should reflect democracy within the organization, that is, it should contain elements of the old PPP and provincial elements, both from inside Java and outside Java.

Rudini said that what happens after this is up to the PPP itself. He said that with the formation of such a leadership designate, he, as interior minister and political developer, could be neutral about the possible winning and losing and power struggles that have been rumored about the breakup of the party.

As he once stated about the committee structure, he recognizes the one that follows the bylaws of the organization. After that has been accepted, the next most important thing is for them to be united and to emphasize negotiation as the way to agreement, following the Indonesian philosophy of PANCASILA and the 1945 Constitution.

What Trend

In response to a question about the trend of the number of members of the DPR [Parliament] "taking the floor" compared to the members of the MPR [People's Consultative Assembly] who only speak during a session, Rudini said that he does not judge them as chairman or deputy chairman of the MPR, but as national leaders who are thinking about Indonesia.

Development is moving along successfully, but there are some negative effects which must be improved, including possible improvement in the areas of democracy and leadership, and "it is their right to state their opinions and it is a good symptom because, as leaders of the people, they are thinking about things," he said.

Rudini said that he did not agree with the term "quotas" for provincial heads; what is needed is ability.

Finance Minister Announces Deferment of VAT

42130094a Jakarta *ANGKATAN BERSENJATA* in Indonesian 24 May 89 p 1

[Text] In a presidential decision that retroactively went into effect on 1 April 1989, President Suharto agreed to a deferment of the VAT [value-added tax] on oil, natural gas, and geothermal contractors who are not yet in production.

Minister of Finance Sumarlin made this statement to reporters after he, Faisal Abda'oe, director general of PERTAMINA, and Ginanjar Kartasasmita, minister of mining and energy, met President Soeharto at the Istana Merdeka [president's office] yesterday morning.

This deferment is intended to provide a more attractive business environment for investors and for oil and geothermal exploration.

Starting 1 April 1989, investors will not be subject to the VAT until they find and start producing oil. This presidential decision will be put into effect through further decisions made by the minister of finance.

The services that will not yet be subject to the VAT are those involved in seeking oil, natural gas, and geothermal sources—surveys; seismic, geological, geophysical, and geochemical studies; and data evaluation.

Following that are drilling services: drilling, mud logging, mud engineering, cementing over of wells, stimulation and secondary recovery, as well as other services connected with seeking sources and drilling, to be determined by the Internal Revenue Service after consultation with the Office of Oil and Natural Gas.

Sumarlin said that another important point is that subcontractors in the oil, gas, and geothermal fields who have already paid the VAT for their work will be considered as entrepreneurs who have been taxed.

They can credit their input tax. Those 56 contractors who have not yet been productive will not be allowed to pay the VAT or the output tax to their subcontractors; but rather they must pay the Internal Revenue Service. The subcontractors can ask the Internal Revenue Service for a refund.

There are two advantages here: first, the subcontractors involved will no longer be burdened with that input tax; and second, this will create a better atmosphere, both for drilling contractors and for domestic contractors, in that both will receive a refund.

Minister of Mining and Energy Ginanjar Kartasasmita welcomed this deferment and said that he felt relieved. "Praise be to God," he said.

Economic Diversification Wins World Bank Praise

42130092a Jakarta PELITA in Indonesian
16 May 89 p 1

[Text] Jakarta, PELITA—Indonesia is one of the best among the developing countries in economic management, which it has conducted in a healthy way through restructuring.

Mario Draghi, one of the executive directors of the World Bank, made this evaluation after he and other executive directors called on President Suharto at the Bina Graha on Monday morning [15 May].

He conveyed to the president his appreciation for the efforts the Indonesian Government has made to adapt its economy to the blows that have come from the outside.

He also expressed his pleasure over the statement made last week that there will be a new investment package, which demonstrates the commitment of the Indonesian Government to proceed with deregulation.

He discussed with the head of state the positive signs that exist in the restoration of the economy, in which nonoil exports will reach \$12 billion in 1988-89. "That means 80 percent more than in 1986-87," he told reporters.

Another positive sign was the fact that investment approvals given to private banks, both domestic and foreign, rose sharply in 1988. This positive development shows that the government's economic policies are very effective.

The World Bank stated its confidence that Indonesia will be successful in reaching its objectives and targets for advanced and evenly distributed development during REPELITA [5-Year Development Plan] V.

179 Projects

He [Mario Draghi] said the World Bank supports Indonesia in its efforts toward various kinds of development in the economic sector. In the last 20 years, the World Bank has lent \$12.6 billion to finance 179 projects.

A third of that assistance was used for agricultural development projects. Most of it was used, however, for development in the energy, transportation, and communications sectors, in addition to industrial, regional, clean water, and educational development.

The executive director of the World Bank said the bank will continue to cooperate with Indonesia in the future.

The executive directors plan a 7-day visit in Indonesia to meet with a number of officials and to observe development operations being helped by the World Bank.

In addition to Jakarta, they are to see South Sumatra, Central Java, and Bali.

During their call on the president, the World Bank executive directors were accompanied by Minister of Finance J.B. Sumarlin. The directors were Frank Cassel, Mario Draghi, Jonas Maralz, J.S.A. Funnal, Datuk Mohammad Ramli Wajib, and Jean Pierre Le Bourder. Attila Somnez, World Bank representative in Jakarta, was also present.

Irrigation To Be Expanded in Support of Food Production

42130089a Jakarta ANGKATAN BERSENJATA
in Indonesian 15 May 89 p 3

[Text] Jakarta ANGKATAN BERSENJATA—The problem of the utilization of new irrigation networks, in addition to their operation and maintenance, still needs to be handled carefully in order for the nation to maintain self-sufficiency in rice. The expansion of new irrigation networks is not yet completely integrated with the creation of new paddy fields.

The integrated construction of new irrigation networks requires development of agricultural technology and simplification of credit and land certificate procedures for creating paddy fields.

New irrigation networks to be constructed under Pelita [5-Year Development] V covers an area of 500,000 hectares. Surface water development will be conducted in areas where surface water sources are relatively limited, giving priority to crops that have high economic value and are economical in their use of water.

Under this Pelita V program, the Directorate General for Irrigation of the Department of Public Works will also enlarge by 444,200 hectares the capabilities of networks used for reclamation of swampland. The irrigation networks and swamp reclamation require operations and maintenance covering 5.8 million hectares. Of that area, 775,000 hectares will receive special maintenance.

Efficient operations and maintenance covers 2.3 million hectares. Some of the irrigation networks, primarily those covering areas of less than 500 hectares, will be turned over to Farmer Water User Associations (P3A). These encompass 250,000 hectares of land. Efforts to make repairs and physical improvements to irrigation networks involve 334,500 hectares in Java, Sumatra, Sulawesi, Bali, and Nusa Tenggara.

New Reservoir

Preparations are under way at Bili-Bili, Sulawesi, for the construction during Pelita V of a large reservoir to support flood control, generation of 16.3 megawatts of electricity, and irrigation of 26,000 hectares of land.

Programs for preservation of forests, land, and water will develop river regions. Their goals will be to develop the potential of water sources to protect areas used for farming and industry, settlements, communications, and tourism from the danger of floods. Agricultural and urban areas to be protected in this way cover 450,000 hectares.

During Pelita V, shore protection will be constructed on critical shore areas like those in Bali and along the northern coast of Java. There will also be an expansion of programs for education and training and for agricultural and irrigation research.

Food Crops

Openings for development of irrigated fields outside of Java are determined by the availability of transmigrant farmers, by technical agronomic factors, and by facilities for provision of the working capital needed by farmers.

Top priority in the expansion of food production is given to rice, corn, and soybeans. The main target is the stabilization of self-sufficiency in food, particularly rice.

During Pelita V, food production is to be increased by an average of at least 2.5 percent per year. Rice production, especially, is to be increased by an average 3.2 percent per year. This increased production is expected to expand job opportunities at the rate of 1.4 percent annually, assuming a 1.9 percent annual population growth.

Besides being responsible for the maintenance of food self-sufficiency, the Directorate General for Irrigation is also responsible for basic water supplies for urban and villages needs.

Basic water supplies for cities include water for drinking, industry, and drainage. For the villages, emphasis is given to water for household needs only.

Under the Pelita V program, there are several cities that should be given attention in making basic water supplies available for drinking, industry, and drainage.

To meet current water needs in the villages, studies should be made on providing basic water supplies through the use of existing or projected irrigation network facilities.

Private Investment

Water is steadily becoming a commodity with economic value, because its availability is increasingly limited by time, space, quantity, and quality.

Since funds are relatively limited, the time has come to give more opportunity to the private sector for participation in construction of water facilities.

The POJ (Jatiluhur Authority Enterprise) is an example of existing water enterprises. The government has built water facilities such as reservoirs, dams, and distribution channels, and the POJ, as a legal body, performs management. The POJ sells water to the PAM DKI [Special Capital Territory Drinking Water Enterprise]. Another example is the Asahan/PT [Limited Company] Inalum. The Asahan PLTA [Hydroelectric Plant] was built by

Japanese private interests and is also managed by them, while the government maintains supervision. Others are the Carita and Saguling PLTA's, which were constructed by the government's PLN [State Electricity Enterprise] and are also managed by the PLN.

Studies are now being made on the use of the Jatiluhur reservoir for tourism development by Japanese private interests. Thus, the private sector has several capital investment options, which include the procurement of basic water supplies for industry, fisheries, and drinking. The provision of water facilities such as reservoirs and distribution channels and pools for recreation and sports are also among the options.

Good licensing and coordination procedures are needed in order for the nation to achieve an optimal and uninterrupted water management system and obtain water that is protected from pollution.

Transmigrants Expand Musi Rawas Food Production

42130089b Jakarta *ANGKATAN BERSENJATA*
in Indonesian 15 May 89 p 6

[Report by M. E. Sianang]

[Text] The placement of transmigrants in Musi Rawas Regency, South Sumatra, has been beneficial, because they have made the area self-sufficient in food.

"The placement of transmigrants in Musi Rawas Regency has had a very positive effect on the development of the regency, particularly with regard to food," Musi Rawas Regent Dr H. M. Syueb Tamat said recently at Lubuk Linggau, capital of the regency.

On a tour of the spontaneous transmigration site at Magang Sakti Village, Tugu Mulyo Subdistrict, with DIRJEN RAHBINTRAS [Director General of Transmigration Deployment and Management] Eko Sarwoko, Regent Syueb explained that previously the area was always short of food. With the arrival of transmigrants, however, the situation was reversed.

"They have been successful not only in expanding food production, but also in raising the incomes of the farmers themselves and stimulating development of the Musi Rawas area," Syueb Tamat said.

DIRJEN Eko Sarwoko, who often visits the site, expressed his delight in seeing a steady increase in the standard of living of the transmigrants.

He said he was also very moved to see local residents voluntarily surrender their rubber tree groves for use by their "brothers" from Java.

"I don't ask for anything but the blessing of God," Arsyad, age 67, told DIRJEN Sarwoko. Arsyad is a local resident who turned over 1.3 hectares of rubber trees to a man from Kebumen named Saimin and his companions for dry-field farming.

"I was very moved and shed tears to see how Musi Rawas residents generously gave their land for the sake of fellow Indonesians. This should be imitated by other Indonesians everywhere as a reflection of national unity and integrity," said Eko Sarwoko.

"Not only that, but a man named Kosim, who had a coffee grove, gave half his grove to a friend who arrived from Central Java," said Regent Syueb Tamat.

Shortage

Musi Rawas Regency covers 21,315 square kilometers and has a population of 491,792, making an average population density of 30 [as published] people per square kilometer. The regency previously had food shortages every year.

The reason for this was that many residents were active in rubber tapping. "Thus, they worked their paddies and fields only as a sideline," Syueb Tamat said.

"They depended more on rubber tapping because when they tapped they sold the rubber and brought the money home the same day." Raising rice, however, required 6 months, or 4 months at the very least, while they remained constantly pressed by daily needs. For that reason, many fields and rice paddies were unworked.

Musi Rawas Regency is, in fact, one of the main rubber-producing areas in South Sumatra. "More than half the rubber produced in South Sumatra comes from this area," said Dr Ishak Sani, chairman of the DPRD [regional legislature] for Musi Rawas Level II Region.

Many rubber-smoking companies in Palembang have warehouses at Lubuk Linggau.

Excess

Feeling that his area lacked manpower to work the idle land, Regent Syueb in 1981 began to encourage transmigration from Java and Bali.

From 1981 to February 1989, 14,020 families, or 58,849 people, have been placed in this area. Their number has now grown to 14,361 families, or 62,170 people. They occupy 37 transmigration settlement units (UPT's) in three subdistricts, namely Muara Beliti, Muara Lakitan, and Rawas Ilir.

In 1979, the regency had a food shortage of 8,609 tons. In 1981, however, the food shortage began to come under control, thanks to the presence of transmigrants. Now there is excess food production of 8,776 tons.

Rice production at transmigration sites in 1983 was only 4.08 tons of dry paddy for milling (GKG), or 0.3 percent of the regency's total output of 119,252 tons of GKG.

In 1987, the GKG production at transmigration sites had risen to 17,285 tons, or 13.3 percent of the regency's total output of 129,130 tons.

Only 196 hectares of land, or less than 0.5 percent of the 34,988 hectares of paddy fields existing at that time, were cultivated. By 1987, the area had expanded to 7,726 hectares, or 18.5 percent of the total paddy field area of 41,699 hectares.

Similarly, the production of secondary crops and the amount of land used for them have risen each year.

The most recent data show that 131,000 tons of paddy were produced in Musi Rawas in 1988 and that 20,000 tons of that were produced on the 8,614 hectares of paddy fields at transmigration sites.

"The area has an annual rice surplus of 5,012 tons," said Regent Syueb Tamat.

Because of this, DPRD Chairman Ishak Sani concluded that the coming of transmigrants to the area has been good for the area's development and growth.

"We have made 15,000 to 20,000 hectares of land available to accommodate 7,000 new transmigrant families," said Dr Karim, head of the development section in the Musi Rawas regent's office.

"Please come. We will welcome you as members of our own families," said Ishak Sani.

Problems in USSR Aid Projects

42060058d Vientiane PASASON in Lao 7 Apr 89 p 2

[Report by Sa-gnon Dongdeng: "Only Two of Four Projects To Be Completed"]

[Text] Near kilometer marker No 8 on the highway from Savannakhet to Seno there is a project to build a large repair shop for vehicles which the people of Savannakhet say will be the best repair shop in the history of Laos for repairing vehicles. The funds for it came from here and abroad as follows:

The domestic funds amounted to 308,023,853 kip. The foreign funds amounted to 1,830,801 rubles.

In addition to this giant repair shop, there is a warehouse at kilometer marker 27 close to Seno which was organized in the same group of projects as the vehicle repair shop. The domestic and foreign funds for its construction are as follows:

The domestic funds amounted to 342,740,833 kip. The foreign funds amounted to 3,391,126 rubles.

The project to build these two sites was begun in 1985 utilizing the combined intelligence and capabilities of Lao and Soviet specialists together with the strength of the Lao workers. The goal of this construction was to be able to repair, service, lubricate, and spray paint all the types of vehicles which carry goods and passengers on highway No 9 and also to be able to service and repair all makes of vehicles no matter whether they were from socialist or capitalist countries.

The construction did not begin in earnest until 1989. The repair shop and the warehouse are still not completed as planned. Only a part is completed: 92 percent of the plan for the repair shop is complete and only 42 percent of the warehouse.

These long delays were the result of many delays related to land transportation. These were the result of aspects of the project which were not clearly defined and mainly involved the coordination of funds within our country, which was not well done, for example, withdrawing funds was difficult, and there were long delays - things could not be done at the needed rate.

The method of cooperation involved did not provide a fixed amount of assistance or the assistance in materials and equipment was provided in domestic funds. However there were objections which were not clearly defined also.

The projects to build the vehicle repair shop at kilometer marker No 8 and the warehouse at kilometer marker No 27 were among four projects of the Ministry of Transportation and Posts which are as follows:

- The project to build a repair shop for transportation vehicles, road repair equipment, and agricultural equipment (92 percent completed).
- The project to build a trucking company office at kilometer marker No 27 (not yet built).
- The project to build a technical facility in Phin District (not yet built).
- The project to build a warehouse at kilometer marker No 27 (only 40 percent completed).

The Soviet Union has helped a great deal in these four projects and has provided an enormous amount of funds - it totaled 1,072,476,018 kip (domestic funds) which in foreign funds amounted to 7,210,645 rubles.

But for various reasons only two projects were actually worked on, and these are not complete according to schedule.

This is because the transportation of the construction equipment from the port of Danang took 3 years. In 1984 there were delays because they could not find places to store things as fast as they came in and so it was scattered about and much was lost. It took them until 1985 there to find where everything was stored.

The Soviets drew up the entire construction plan, but they designed it for their own climate and terrain and not for our country. Therefore the plan had to be changed to be suitable for our terrain. The changes caused more delays.

When construction first began there were estimates missing because the cost estimates of those providing the assistance were combined. This made it difficult to evaluate and inspect.

The quality of the construction could not be guaranteed. Those doing the actual construction lacked responsibility. The leaders blamed the workers, and the workers blamed the leaders. In fact the construction leaders lacked a grasp of the project. There were also not enough construction specialists. And as for inspection, the inspectors did not know what was right and what was wrong.

The assistance contract was accepted too easily, and there was no careful consideration given. No thought was given to profit and loss accounting and our actual capabilities. In fact these projects were greater than our needs which means that there is waste. It is as if we were doing it to impress and not to meet our needs.

Therefore, of the four projects planned, only those two will be completed which are suitable for our actual needs and our capabilities according to the new profit and loss accounting. In addition funds must be approved according to the planned needs and in a timely fashion. Foreign

assistance should be in the form of handing over "the key", which would be more convenient and appropriate. The transferring of assignments from old officials to new should be clearcut. This is not done to load all the problems on the new officials so that it seems like bad luck for them; it is done to reassign duties.

Cooperation With SRV Province in Education

42060058c Vientiane PASASON in Lao 7 Apr 89 p 2

[Report by Phouvattana: "Savannakhet Province and Binh Tri Thien Province Increase Their Cooperation in Education"]

[Text] In the past the cooperation in education between the comrade provinces of Savannakhet Province and Binh Tri Thien Province has proceeded with determination especially at the end of the 70's. In 1978, 1979, and 1980 the education officials of Savannakhet Province had a group of education experts from Binh Tri Thien Province stationed in Savannakhet Province. They helped especially with kindergarten children.

In order to continue this relationship and the cooperation in all areas by the two provinces, a group of education representatives from Savannakhet Province led by Mr Phengma Inthilat, a member of the provincial administrative committee, in early December 1988 [made an official visit to] their comrade province, Binh Tri Thien. And early this March a group of education representatives from Binh Tri Thien Province led by Mr Nguyen Deuk Heun, a member of the provincial party committee and head of education in Binh Tri Thien Province, made an official visit to Savannakhet Province.

After this exchange of visits by the education representatives of the two provinces, the congress of the two groups of representatives made proposals and held frank discussions in order to bring more depth to their cooperation in education and provide a good example of cooperation.

There were many approaches which the two groups of representatives suggested and studied at this congress. The group from Savannakhet Province suggested to the group from Binh Tri Thien Province that starting in 1989 - 1990 they send 10 to 15 of their students each year who have completed secondary education to Binh Tri Thien Province to be trained as primary and kindergarten teachers in Vietnam's intermediate course. The education service of Savannakhet Province suggested that the education service of Binh Tri Thien Province send three good teachers for teacher's training with good students and to use their specialty in the general education schools of Savannakhet Province for 15 days in April or May each year. The education service of Savannakhet Province would send about 25 education cadres who could teach well to observe and exchange lessons in Binh Tri Thien Province. At the same time the education

service of Binh Tri Thien Province would send 25 to 30 education cadres who could teach well to observe and exchange lessons in Savannakhet Province.

Mr Souli-gnong of the combined provincial education service informed our group of reporters that as regards the various problems which were brought up, it was the desire of both groups of education representatives from both provinces that it be proposed to the party and state organizations of both provinces that there be a discussion about the problems. Among these was the important problem of the budget for the expenses incurred by the activities suggested. When this was approved by the party and state organizations of both provinces, then the problems of both sides could be researched in a unified and efficient way.

SRV Trains Agricultural Specialists

42060058a Vientiane PASASON in Lao 22 May 89 p 3

[Excerpts] When we went to the University agricultural school No 1 in Hanoi at the beginning of the 1989 growing season, our group of reporters was well received by the administrative committee and the instructors. [passage omitted]

The administrative committee arranged for us to meet with a number of agricultural students who were preparing to defend their theses which were on the subject of the coffee tree. During our meeting and discussions, I made a point of finding out about the thesis of a Lao student named Bounkeua Vongsalat. His thesis had received a high evaluation by the committee, and the school officials had agreed to let Bounkeua continue his research in the SRV after he completed his studies.

Bounkeua was a big tall person well suited for Lao sports. He told me about his work and studies during the past 6 years and in particular about his period of training at the "betel tree research center" in Foukoui, Nghe Dan District, Nghe Tinh Province. He was there for 6 months and received some sincere assistance from the director who was also his close advisor before his thesis, "The Effects of the Chemical Ethephone (Ethephone) on the Health of the Coffee Bean and Tea of the Type, Katoura Amariyo (Cattura Amarillo)", which was very interesting and valuable. [passage omitted]

It was in the spirit of friendship and of the special cooperation between Laos and Vietnam as well as to help raise technical levels for the care of coffee trees by Lao specialists that Mr Le Ding Seun did his utmost to advise Bounkeua for the entire period of his research. This, combined with the scientific knowledge which he acquired through his diligent studies, allowed Bounkeua to achieve satisfactory results when he sprayed the chemical ethephone to keep the coffee beans healthy. This subject received a high evaluation; it could be applied to actual production and could make the beans easier to pick.

For Bounkeua and the other students in the No. 1 Agricultural University of Hanoi this valuable thesis was the result of the assistance of all the instructors and cooperation at all levels, and it also showed the special solidarity between the two nations of Laos and Vietnam. In the near future in the coffee growing areas of the LPDR, particularly the Bolovens Plateau, there will be another agricultural specialist well acquainted with coffee trees.

Reporter Views Foreign Investment Code Implementation

42070096 Bangkok DAILY NEWS in Thai
14 May 89 p 2

[Text] Before the government of a country will allow foreign public or private organizations to invest in the country, it must implement many laws and regulations, with the country's interests the primary concern. Today, for example, many people are going to Laos in order to look for ways to make money there. But they are disappointed when confronted with all the difficult regulations. The uncertain investment laws there have made investors wary.

It must be admitted that trade between Thailand and Laos continued even during the period when Laos closed the country. Black market trading is quite ordinary. Large trade is controlled by the same financiers as before. For new investors, investing in Laos is risky and entails fierce competition.

The Law on Foreign Investment in Laos, which was enacted in 1988, permits and encourages foreign organizations and individuals, including Lao living abroad, to invest in Laos by bringing in technology if this will benefit both sides and if the investors respect the laws of Laos. However, the government has promised to respect the investment rights and interests of investors in the various trade spheres. It has said that the state will not confiscate, seize, or nationalize anything but will create conditions to facilitate the activities of investors.

The investment forms are as follows:

1. Contract business activities This include business cooperation between investors and state economic organizations and between the state and private individuals in Laos.

2. Joint enterprises: This includes joint ventures between the enterprises of people who have come to invest in Laos and Lao investors. They will establish a joint venture and carry on activities based on the agreements signed. These enterprises must be juristic entities and must adhere to Lao law. As for sharing the profits and sharing responsibility for any losses suffered by the enterprise, this must be based on the ratio of each side's investment.

3. Enterprises wholly owned by foreign investors: This is the target, and the rights and benefits are quite clear.

As for the capital and assets invested by each side in joint business activities (foreign investors and investors in Laos), foreign investors can invest by building plants, installing machinery and equipment, or bringing in technology. The Lao investors can invest by providing land, water, and natural resources. The value of the assets invested by each side can be calculated based on prices on the international market. This can be calculated in either kip or a foreign currency depending on what they agree to, but this must be stated in the contract.

As for other rights and benefits and obligations, joint enterprises in which foreigners and Lao citizens have invested and enterprises that are wholly owned by foreigners must maintain savings deposits in kip or a foreign currency in either a Lao bank or a foreign bank branch in Laos. They must open accounts in accord with international standards and with the approval of the Lao government. This must also be done under the guidance of Lao financial organizations.

Exchanging kip for the foreign currency of the foreign investors and vice versa must be done in accord with the exchange rates set by the Bank of Laos, which will periodically announce the exchange rates in accord with the prevailing market rates. As for remitting profits, foreign investors in Laos have the right to remit their money to their home country or to a third country through a Lao bank or a foreign bank based in Laos. But this must be done in accord with Laos' Foreign Currency Control Law.

As for paying taxes, contract businesses, joint enterprises, and enterprises that are wholly owned by foreign investors must pay an income tax of 20-30 percent of their net income to the Lao government. For trade businesses, hotels, and other service businesses, the rate is 35 percent. However, the Lao government will waive the income tax for joint enterprises and wholly-owned foreign enterprises for a period of 2-4 years starting from the year that the enterprise makes a profit.

The Lao government's 1988 tax policy called for the government to collect each type of tax just once. The various types of taxes included a production tax, an import and export tax, and a merchandise turnover tax (export or retail). As for estimating taxes, if it is difficult for a unit to calculate its profits, the tax can be estimated based on the business figures. The agricultural tax can be estimated from the growth in that area, that is, the cultivation of crops or plants or the rearing of livestock for sale can be calculated based on the receipts. The forestry tax can be calculated based on the type of trees. The state units or individuals that have been authorized to engage in forest activities must pay taxes based on the amount and type of timber cut. For example:

Type 1 banned timber: 10,000 kip per cubic meter.

Type 2 banned timber: 6,000 kip per cubic meter.
Type 1 controlled timber: 1,800 kip per cubic meter.
Type 2 controlled timber: 1,200 kip per cubic meter.
Type 3 controlled timber: 700 kip per cubic meter.

If timber that has been cut is left in the jungle for more than 30 months, a fine of 50-100 percent of the forestry tax will be imposed depending on the type and grade of timber.

The Lao government will compute the export tax based on the profits earned from exporting goods. This will be done after each shipment of goods is sent. If difficulties are encountered, the time can be extended up to 1 month.

The profits from exporting goods are to be calculated as follows:

Profit from goods exported equals the price of the export goods at the point of departure minus total production costs (total production costs include packaging costs, maintenance costs, and wastage costs).

This law on foreign investment in Laos was promulgated in 1988. Some sections have now been revised, but the main principles remain in effect. Today, the Lao government is collecting rather high taxes on certain types of goods, which is causing concern among investors.

Most foreigners, particularly Thais, who have gone to Laos to investigate trade possibilities there have returned disappointed. Because in actual practice, doing business there is difficult and inconvenient. However, the large number of people going there has greatly benefited the tourist industry, and in the provinces bordering Laos, the economy is very good.

As for the border transit point in Nakhon Phanom Province in Thailand and Khammouan Province in Laos, tourists can cross to the Lao side at Tha Khek every day, including Saturdays and Sundays. The round-trip boat fare is 50 baht. As for trade, Nakhon Phanom Province will issue a border transit pass to merchants and businessmen who engage in trade regularly. People who live in Nakhon Phanom Province can use the pass for up to 30 days.

In the near future, there will definitely be trade between Khammouan Province and Nakhon Phanom Province. As for tourism, the Khammouan provincial committee has said that tourists from Thailand who want to go as far as Danang City in Vietnam, a distance of less than 200 km, can use this route.

Nestle Plans Coffee Venture

42070099a Bangkok MATICHON in Thai
28 Apr 89 p 6

[Unattributed report: "'Nestle' Taps Into Indo-China; It Will Start in the Lao Market This July"]

[Excerpt] [Passage omitted] Mr If Barbi-oe, a member of the board of directors of the Nestle Company of Thailand revealed that there was a project to set up an office to sell products of Nestle affiliates in Laos early this July. Later Thailand will be made the distribution center for Indo-China. As for Vietnam, the company used to have an old factory there, but it was seized. Now there are talks underway about using it to produce goods as a Nestle affiliate later on. But in the initial stage almost all products will be imported from Thailand.

Mr Khors Boren, the chairman of the board of directors of the Nestle Company of Thailand, said that they still did not have a definite budget for the project's expenses but that it would probably be a small office. Initially it would have only two employees, but it is expected that there would be more later on. The goods which will be distributed there will include powdered milk for infants, condensed milk, milk, and Nescafe, which are considered to be consumer goods.

Mr Ot Senasan, the general manager of Nestle Products (Thailand) Inc., said that in addition to the project to open the markets of Indo-China the company was in the midst of talks with the Thai and Lao governments resulting from the desire of Lao officials to bring their Arabian pika coffee beans, which are considered a good type, for processing at the Nestle plant in Thailand so that they could be exported to Russia. This proposal is awaiting approval from the two governments. It is considered to have good prospects. Laos would send 600 to 700 tons of coffee to Thailand in around September as the first stage.

Consortium Plans Insurance, Other Investments

42070099b Bangkok NAEON in Thai
10 May 89 pp 7, 14

[Excerpt] [Passage omitted] Mr Winnu Khuwanan, President of the Khowyuha Group, revealed that the Khowyuha Group was in contact with and had made a proposal to the Lao Government about setting up an insurance company in Laos. It was to be a joint venture with three partners: the Phithaksin Insurance Company which was an affiliate of Khowyuha, the A.G.F. Company of France which was a major stockholder in Phithaksin Insurance, and the Lao Government. They were awaiting a response from Lao officials.

Mr Winnu said that they were involved in many projects in Laos: 1) the project to help improve the rice mill in the Vientiane municipality would involve an investment of 20 million baht; this would be used to improve the mill's efficiency and allow it to mill 120 cart loads [a unit

equivalent to 2,000 liters) per day; 2) the project to plant Para rubber trees in the Vientiane municipality with the Lao Government allowing the Khowyuha Group to cut and sell the timber involved. Khowyuha would plant Para rubber trees to replace the forest on 500,000 rai [equivalent to .4 of an acre]. The amount of the investment has not been specified; 3) the lumber project for making furniture for export to the markets of Japan and Europe.

In addition there are projects which are still being considered: 1) the project to set up a factory to weave cloth to be made into clothing for export; 2) the project to build resorts or hotels; the first stage would be to improve 3 to 4 hotels in Vientiane and build a resort on the banks of the Mekong.

The Khowyuha Group will begin with the rice mill and furniture projects this year. The Para rubber tree project and the fabric weaving project will begin next year.

Mr Winnu said that he had had a project to transfer the stock of joint Thai - Lao stock companies which had been registered and set up in Laos as well as that of the company set up to support agriculture and register it in the Thai securities market. He said that this had been accomplished.

The company set up to support agriculture has exported glutinous rice from Thailand to Laos for 2 years now. This year the target is to export 400,000 tons. So far 30,000 tons have been exported. Recently this company was chosen to be the sole representative to distribute Castrol lubrication products in Laos.

In addition there are talks underway for this company to be the representative for distributing noodles of a Sahaphatanaphibun affiliate in Laos.

Japan Invests \$400 Million in 50 Projects

42130096a Kuala Lumpur *BERITA HARIAN* in Malay
24 May 89 p 7

[Text] In the first 4 months of this year, the government approved 50 projects funded with Japanese investment of \$1.1 billion [Malaysian dollars].

Datuk Seri Rafidah Aziz, minister of trade and industry, said this was an increase over the 82 projects with an investment of \$1.22 billion approved in all of last year.

In this period also, the ministry approved 256 projects, of which 225 were new projects and 31 were applications for expansion of existing companies.

Of the total new projects, 75 will be located in Selangor, while 66 will be located in Johor, 32 on Pinag Island, 16 in Melaka, 13 in Sabah, 10 each in Perak and Sarawak, 9 in Kedah, 8 in Kuala Lumpur, 7 in Negeri Sembilan, 5 in Pahang, 2 in Terengganu, and 1 each in Kelantan and Perlis.

When inaugurating the FE Magnet Wire (M) Sdn Bhd [limited private company] plant in Klang last night, Datuk Seri Rafidah said Japanese investment by big as well as small and medium-sized companies is forecast to rise.

"The trend of Japanese investment in this country is very important since it not only offers job opportunities to local residents but also has an influence on this country's international image in the industrial field.

"We should be proud because our country now is the second largest exporting nation in the world for home air conditioning equipment after Japan.

"In addition, Malaysia is the third-largest semiconductor producer in the world after the United States and Japan," she said.

Higher Production

Earlier, Tatsumi Yazaki, the executive director of the FE Magnet Wire (M) Sdn Bhd, said FE Magnet Wire, which is owned by two Japanese companies, Furukawa Electric Co, Ltd and Totoku Electric Co, Ltd, began operating last August with capital of \$24 million [Malaysian dollars].

An additional \$24 million, he said, will be invested in this second year of operation to raise production to 1,000 metric tons a month.

FE Magnet Wire is now producing 300 to 350 metric tons of wire a month, and 99 percent of its production is exported to Singapore, Hong Kong, and Thailand.

Last year it sold \$12 million [Malaysian dollars] worth of wire, and this is forecast to increase to \$40 million this year.

Romania Sends Parliamentary Delegation

42130090c Kuala Lumpur *BERITA HARIAN* in Malay
10 May 89 p 17

[Excerpt] Subang, Tuesday [9 May]—The speaker of the House of Representatives, Tan Sri Zahir Ismail, said that close ties between members of this country's parliament and Romania can help to expand economic, trade, and political cooperation between the two countries.

He said members of parliament can use their positions to strengthen relations between the peoples of the two nations, who believe that their parliaments are important political institutions.

Tan Sri Zahir said this to reporters at a press conference after welcoming a delegation of four members of parliament from Romania, who arrived at the Kuala Lumpur International Airport today.

Nicolae Giosan, chairman of the Romanian State Council Assembly, is leader of the delegation. The others are Mrs Maria Lazar (deputy chairman of the Romanian State Council Assembly), Florin Teodor Tanasescu, and Mrs Nadia Ionescu, who acts as delegation secretary.

Giosan said his country has good relations with Malaysia and ASEAN countries.

"We support measures to free the world of nuclear weapons and therefore support ASEAN actions to make this area a region that is free of nuclear weapons," he said. [passage omitted]

Former Prime Minister Drops Suit Against UMNO

42130097d Kuala Lumpur *BERITA HARIAN* in Malay
16 May 89 p 1

[Text] Kuala Lumpur, Monday [15 May]—Former Prime Minister Tunku Abdul Rahman today withdrew his appeal of a High Court decision rejecting the petition he and two others had made for a permanent injunction restraining UMNO [United Malays National Organization] from transferring assets and enrolling members.

His attorney, Ms Christina Kow, informed Supreme Court justices Tan Sri Hashim Yeop Abdullah Sani, Datuk Mohd Yusof Mohamad, and Datuk Gunn Chit Tuan of the decision.

The case was scheduled to be heard today. Ms Kow informed the court that she had been directed by her client to withdraw the appeal of the High Court decision.

On 25 May 1988, Judge Datuk Ajaib Singh, who is now a Supreme Court justice, had rejected the petition made by Tunku Abdul Rahman, former Prime Minister Tun Hussein Onn, and former Minister of Agriculture Datuk Manan Othman.

In their petition to the High Court, they had named UMNO President Datuk Seri Dr Mahathir Mohamad and Secretary General Datuk Mohamed Rahmat as defendants.

In rejecting their petition, Datuk Ajaib had called their suit "trivial, pointless, and a waste of time."

He said the court could not assent to trivial charges or to pointless petitions or litigation that is a waste of time and that could create unacceptable pressures on the defendants.

Datuk Ajaib also said the plaintiffs had no basis for taking legal action against the defendants.

Meanwhile, the former speaker of the Perak State House of Representatives, Datuk Haji Malik Haji Ahmad, also withdrew his appeal of a High Court decision rejecting a petition he and another person had made for a delay in the certiorari order to void the Registrar of Societies ruling that annulled UMNO registration.

Datuk Ajaib, who heard the case on 14 May 1988, had dismissed with costs the petition made by Datuk Haji Malik and former Johor Chief Minister Tan Sri Haji Osman Saat.

Datuk Ajaib had said in announcing his decision that the reasons offered by the plaintiffs as to why the court should hear arguments on the petition were not strong.

Meanwhile, Dr Kua Kia Soong, a former detainee under the Internal Security Act, also withdrew his appeal of Judge Anuar Zainal Abidin's ruling on 21 November 1988 rejecting a habeas corpus petition against the arrest order confirmation issued by the minister of home affairs.

Mahathir Says UMNO Still Foremost Party
42130090a Kuala Lumpur BERITA HARIAN in Malay
9 May 89 p 1

[Text] Kuala Lumpur, Monday [8 May]—The future of Malays, their religion, and the country will continue to be safeguarded as long as UMNO [United Malays National Organization] fights for them and has their firm support, said the president of UMNO, Datuk Seri Dr Mahathir Mohamad.

He said that, as the political party with the most members and still growing, UMNO is the foremost Malaysian party, now and in the future.

The prime minister said this in his foreword in a souvenir book issued in connection with a gathering to be held on Wednesday and Thursday [10 and 11 May] at the Great Palace at Johor Baharu to commemorate the 43d anniversary of UMNO.

He said UMNO does not lack challenges, but, with the prayer and support of members who love the party, it will be successful in overcoming all challenges, whether large or small.

He said the birth of UMNO 43 years ago came through the awareness of Malays that they must join forces to oppose colonialists and the proposed Malayan Union and to achieve independence for their homeland.

"The unity of Malays at that time in fighting for their rights and the interests of their religion, race, and country so strengthened and encouraged them that they were willing to sacrifice anything to realize their pure aspirations.

"Their determined spirit made every sacrifice easy, and the success they achieved belongs to us all. Thus, all Malays have benefited," he said.

Anwar Comments on Economic Policy After 1990
42130097c Kuala Lumpur UTUSAN MALAYSIA
in Malay 16 May 89 p 3

[Text] Ipoh, 15 May—Minister of Education Anwar Ibrahim said the national economic policy after 1990 must ensure that, while protecting the interests of Malays, Malaysia has greater competitiveness in international trade.

The policy must ensure not only that Malays are able to compete with other communal groups but also that the country can compete with other countries in the 1990's, he said.

Speaking here last night at a holiday gathering sponsored by the Pasir Pinji UMNO [United Malays National Organization] Division, Anwar said that Bumiputra [Malays and other indigenous peoples] interests will be maintained because the status of Malays is incorporated in the Constitution.

"At the same time, however, we must think of ways that will give the country advantages in competing with others in the trade sector," he said.

Anwar, who is also vice president of UMNO, said that Malays must think about this matter, for "we must not depend entirely on special rights for prosperity."

"If we do that, we will fall by the wayside and be left behind," he said.

He said UMNO should give priority to efforts to strengthen the party's mechanism for stabilizing Malay political status, which is in the interests of the people and the country as a whole.

He said members must fully support current party and national leaders in order for them to concentrate totally on the welfare of the people.

The head of the UMNO Women's Movement, Datuk Sri Datin Paduka Rafidah Aziz, who was also present, said UMNO members must forget people outside the party, for UMNO does not depend on individuals.

"Never mind people who still want to be with splinter groups and such like," she said, adding that those who want to join UMNO should do it without condition.

Trade Minister Speaks Out Against High Price Increases

42130096b Kuala Lumpur UTUSAN MALAYSIA
in Malay 24 May 89 p 15

[Text] Klang, 23 May—The government is prepared to approve importation of certain commodities if producers and distributors fail to ensure sufficient supplies of such commodities, said Datuk Sri Datin Paduka Rafidah Aziz, minister of trade and industry, today.

She said the government will also study the status of certain commodities so that no fraudulent activities are undertaken for personal gain in regard to these commodities.

In addition, the minister stressed that prices should not rise higher than those set for controlled commodities.

She gave as an example two controlled commodities, flour and iron billets, for which price increases had been approved recently.

"There is no reason why the prices for these commodities should rise higher than what has been set for them," she told reporters when asked her opinion on the commodity price increases after the inauguration of the FE Magnet Wire (M) Shn Bhd [limited private company] in the Bukit Rajah Industrial Zone here.

According to the minister, for commodities on the free market where the price is determined by the producer and the distributor, prices should not rise if there has been no corresponding increase in the prices of raw materials on the world market.

She said the price increases set by local producers should reflect real increases and should not exceed the actual cost of the raw materials.

She added that housing developers should not grumble about the great increase in the cost of construction materials now, because at one time they earned high profits because those material were cheap.

"At one time the price of houses soared and did not directly reflect the true cost of raw materials, such as cement," she said.

She then suggested that housing developers observe a construction concept that reflected cost control and not the promotion of gain.

Datuk Sri Datin Paduka Rafidah also proposed that housing developers and contractors use new techniques that could reduce costs.

However, she said, some developers and contractors were not ready to use new techniques and continued to work in a "conventional" way.

She reported that Malaysian prices for cement and iron billets were still low compared to those in neighboring nations where there was no government control of these commodities.

Meanwhile, in her speech, Datuk Sri Datin Paduka Rafidah appealed to foreign investors to consider locating their projects in newly developed areas of Malaysia.

In these regions, she said, costs would be reduced, and the regions have a potential for future development.

"With the renovation of infrastructure, investors will find it equally profitable to locate their projects in these new regions to locate them in already developed areas," she said.

She also recommended that workers contribute their optimum efforts to the firm or plant that employed them. At the same time, they would be supporting industrial development in this country.

Malaysia, she said, must strengthen its competitiveness with other countries in this region that also want to succeed in the industrial field.

She added that, in the long term, Malaysia will be a producing and exporting nation, as experienced in various manufacturing fields, such as it is in the semiconductor and air conditioning fields.

The minister also reported that more small and big Japanese investors will invest in this country.

From January to April 1989, she said, the government approved 50 projects funded by the Japanese, with investment capital of \$1.1 billion [Malaysian dollars] compared with 82 projects with investment of \$1.22 billion in all of 1988.

Ghafar Says 'Spirit of 46' Lacks Direction
42130090b Kuala Lumpur UTUSAN MALAYSIA
in Malay 10 May 89 p 1

[Text] Bentong, 9 May—Deputy Prime Minister Ghafar Baba said today that the group calling itself the "Spirit of 46" has an uncertain future, like "a sampan at the river mouth."

Like a sampan, the group waits only for the time when it will either be carried away by the current or will sink, he told reporters after attending an Aidilfitri [end of fasting month] holiday open house given by the chief minister of Pahang, Tan Sri Khalil Yaakob, at the Lurah Bilut FELDA [Federal Land Development Authority] near here.

Ghafar said this when asked about the recommendation that the group compete in the Teluk Pasu, Terengganu, by-election for the state legislature.

Ghafar said their participation in the by-election could be "a yardstick" to determine the extent to which the people support the group.

When asked to comment on the report in the Chinese language press that the head of the group, Tengku Razaleigh Hamzah, may hold an UMNO [United Malays National Organization] anniversary reception at Gua Musang, Ghafar said the government does not prevent any group, including the Spirit of 46, from holding political meetings on the same day as long as they have police approval.

"We do not hinder anyone who wants to celebrate 11 May as the anniversary of UMNO, and we are not going to drag them to court," he said.

He said the proposed meeting at Gua Musang will not interfere in the least with the reception to be held by UMNO at Johor Baharu.

He said, however, that he saw no need for the group to hold another meeting at Gua Musang if their objective is the same, namely to commemorate the birth of UMNO 43 years ago.

"It may be merely to show their strength," he said.

Speaking at a holiday gathering with FELDA pioneers at Kampung Sertik this evening, Ghafar also said that a dictator is a person who appoints himself as prime minister.

When a person is elected by the people, he said, he is not a dictator.

Ghafar characterized the government as a vehicle and the prime minister as the driver.

"If the person drives well, the vehicle will move smoothly and properly. If the driver is drunk, however, the vehicle will go in an uncertain direction," he said.

Thus, Ghafar said, the policies by which Datuk Seri Dr Mahathir Mohamad has governed as Malaysian prime minister have caused Malaysia to be famous in the eyes of the world.

"Datuk Sri Dr Mahathir Mohamad never appointed himself as prime minister. He is therefore not a dictator," he stated.

Ghafar Announces Infrastructure Development Measures

42130096c Kuala Lumpur UTUSAN MALAYSIA
in Malay 23 May 89 p 3

[Text] Kuala Lumpur, 22 May—Mr Ghafar Baba, deputy prime minister, today announced four infrastructure development measures to improve the national economy and to encourage entrepreneurs to produce commodities at more competitive prices in the marketplace.

These four measures, he said, had been decided on by a cabinet committee formed to plan new infrastructure development. The first meeting was held last month.

According to Mr Ghafar, the four measures are as follows:

- Form a central-level committee to equalize regional industrial development,
- Raise the limit for truck axle loads,
- Build a depot for controlling road-carried containers,
- Modernize the national import-export controls through a system of unified computer information.

Mr Ghafar, who is also chairman of this cabinet committee, added that several groups from the private sector such as the Malaysian Industry and Commerce Council (NCCIM), the Federation of Malaysian Manufacturers (FMM), container entrepreneurs, and a shipping agency were invited to attend the meeting.

Speaking at a National Youth Day assembly held at the Putra World Trade Center (PWTC) here this morning, Mr Ghafar explained that these entrepreneurs had presented problems and had offered their views on increasing national infrastructure development.

He said young people should have an understanding of the national development policy so that they can take advantage of economic development to obtain jobs and augment their income.

Mr Ghafar said that the central-level committee for equalizing regional industrial development will focus its attention not only on already developed regions, but also on those that are to be built.

He said his goal was to ensure that the location and the development of industrial regions was carried out in a regulated and united way so that these regions could be sufficiently attractive to investors.

Ghafar Urges Trade Unions To Avoid Politics

42130097a Kuala Lumpur *UTUSAN MALAYSIA*
in Malay 22 May 89 p 2

[Text] Malacca, 21 May—Deputy Prime Minister Ghafar Baba said the country will move toward socialism if labor unions enter the political arena.

Nevertheless, he said, it is up to the labor unions whether they want to be active in politics, because the country has a democratic system that gives freedom to everyone.

The deputy prime minister said he was voicing this view because the Malaysian Trade Union Congress [MTUC] has recently begun to appear political.

"If socialist countries in the world have begun to be battered by crises because of that philosophy, why should this country imitate a philosophy that has failed, and 'kill' democracy?" he asked today while inaugurating the People's Sovereignty Course at the Hang Tuah Hall here.

Ghafar said that the populations of socialist countries are being battered by great crises, and there are those who are opposing military forces merely to demand democracy.

The deputy prime minister said he believes that, if the socialist system is permitted to get a foothold, the country will suffer decades of failure and our free trade system will be destroyed.

He said the government wants workers and managers, plus investors, all to profit from whatever industries they operate, for this method greatly benefits all parties.

If management should oppress the workers, such action would not benefit anyone, but would rather hurt them all, said Ghafar, who is also minister of national and rural development.

In this matter, he said, the government's role is that of mediator in settling any problem. It also asks the opinions of both sides when it drafts labor laws.

At the beginning of this month, Ghafar asked the MTUC to decide whether it wants to remain a labor union or whether it is becoming a political party. He added that MTUC leaders should not hide behind a screen of fighting for workers while, in fact, they want to manipulate workers for their own political interests.

The deputy prime minister said Malaysia is fortunate to have taken the right road, namely a democratic system and a system of free trade that allows everyone to work hard.

"The annual economic growth of the country is now between 8 and 10 percent, but if the country were to adopt a socialist system I don't think that figure could be maintained," he said.

He is also confident that if socialism were practiced here, investors would not come here with their capital, for their future would be in the hands of labor unions.

He hopes the unions will consider this matter seriously and think about the interests of the people, for the National Front [BN] government, which represents all levels of society, always gives attention to the people's interests.

This is the reason the BN government, which is a national government, is worthy to rule.

Those attending the 1-day course were Chief Minister Datuk Sri Abdul Rahim Tamby Chik, Sarawak Chief Minister Tan Sri Haji Taib Mahmud, Terengganu Chief Minister Tan Sri Haji Wan Mokhtar Ahmad, and Perlis Chief Minister Datuk Dr Abdul Hamid Pawanteh.

Ghafar Outlines Poverty Program

42130091a Kuala Lumpur *BERITA HARIAN* in Malay
9 May 89 p 1

[Text] Bentong, Monday [8 May]—The government has allocated 391.7 million ringgits for this year and 1990 for implementation of a special development program for the poor, Deputy Prime Minister Ghafar Baba said.

He announced that the goal of the program, which will apply to families with incomes of less than 175 ringgits per month, is to liberate the poor from the bonds of poverty and through various rural projects to improve their ability to be self-sufficient.

"Although the poverty rate has been declining since the New Economic Policy (DEB) was introduced, there are still many families in the poorest category that need immediate help.

"This special development program for the poor is one of the government's efforts to help this group," he said at an Aidilfitri [holiday at the end of the fasting month] open house at the District Council at Bentong today.

Ghafar, who is also minister of national and rural development, said the program will enable the poor, who have always been left behind, to participate productively in the flow of national development.

"Since the DEB will terminate next year, this group should be given enough help to prevent their being neglected," he said. The reception was attended by about 3,000 people, including Datuk Lim Ah Lek, National Front candidate in the Bentong byelection.

Ghafar said the program will apply to the poorest families in backward and interior areas that do not have basic facilities such as water, electricity, and highways.

He said aid will be provided directly to families and individuals through heads of families, mothers, adult family members, children, and the childless elderly.

Ghafar said the aid will also enable the poor to participate in various projects, such as farming, village industry, handicrafts, and business.

Also, the education program includes plans for supplemental food, village dormitories, village libraries, textbook assistance, and tuition.

"This allocation will also accommodate health, welfare, social, orientation, and housing programs, plus other infrastructure programs," he said.

Ghafar said a steering committee for coordination of programs for development of the poor has been formed in Kuala Lumpur to plan and coordinate policies for implementation of the program.

Special committees in the districts will be responsible for drawing up aid programs and for coordinating implementation at the district level, which is a very important task.

He said that village heads, chairmen of village security and advancement committees, religion teachers, tithe collectors, and other influential people will be appointed as registered assistants to identify poor families who should receive aid.

Trade Union Congress Accused of Political Activity

42130091b Kuala Lumpur *BERITA HARIAN* in Malay 6 May 89 p 12

[Text] Kuala Lumpur, Friday [5 May]—The National Union of Newspaper Workers (NUNW) will withdraw from the Malaysian Trade Union Congress (MTUC) and form a new labor federation if the MTUC continues to be manipulated by certain political groups.

NUNW Secretary General Hing Ching Yoke said the NUNW regrets that no mention was made of worker problems at the recent Labor Day gathering at the MTUC Building.

Instead, he said, there were lectures by invited politicians who used the occasion to criticize government policies.

"NUNW wants labor unions in this country to act as nonpolitical organizations," he said.

Meanwhile, the UMNO [United Malays National Organization] Youth Movement warned that it will take firm action against the MTUC if it continues to be misled and manipulated by certain political groups.

The movement's leader, Datuk Seri Mohd Najib Tun Razak, said UMNO Youth will consider what form of action it will take if there is no change in the influences now affecting the MTUC.

"UMNO Youth will take firm action to prevent the MTUC's platform from slipping from its true principles of support for workers," he told reporters here today.

He said UMNO Youth will first recommend, however, that MTUC members correct the direction of the union.

He believes that MTUC members are certain to agree that the determination of the leadership of the union should be by the exercise of their will and that the union should not be misused.

"UMNO Youth has taken a firm position in this matter, for a labor union must not be discredited by political activities," he said.

He said any action to change the rights and objectives of a labor union must be opposed, for such action will hurt workers.

The president of the Malaysian Youth Council (MBM), Mohd Ali Rustam, has asked the Registrar of Labor Unions to review MTUC rules.

"If MTUC rules have been violated, action must be taken, such as closing the union down and forming a one that will truly defend the interests of workers and will not be misused by certain groups," he said.

Two Communiques From FULK

42190001a Noumea *LES NOUVELLES CALEDONIENNES* in French 5 May 89 p 5

[Report on two communiques from the Kanak United Liberation Front; dates of communiques not given]

[Text] Just a few hours before the tragedy occurred, the FULK [Kanak United Liberation Front] sent us the two following communiques, which illustrate the splits within the FLNKS [Kanak Socialist National Liberation Front]. We are publishing them in their entirety.

Nothing is going right between the FULK and the FLNKS. The FLNKS Political Bureau allegedly suggested recently to the FULK, in view of its positions, that it not participate in the upcoming FLNKS convention, which, we recall, will be held in Saint-Louis on 13 May. There was a sharp reaction by the FULK, which denounced that attitude in a communique released on Thursday. Below are extensive excerpts from that communique.

"The FULK Political Bureau:

"Affirms that any idea or initiative aimed at excluding this or that pressure group from a plenary meeting of the FLNKS is contrary to the FLNKS charter;

"Points out that so far, the FULK has always made a distinction between 'participation in the convention' and the 'content of the convention,' with the result that its chosen objective of frustrating the Rocard Plan cannot in any way serve as grounds for its participation or nonparticipation in the convention;

"Denounces the inconsistent attitude of the FLNKS Political Bureau, which is now refusing to put its decision in the form of a letter, whereas at the time of the Rocard referendum, a letter was sent to the FULK telling it not to participate in the FLNKS Political Bureau because its position was contrary to that of all the other components of the FLNKS, and;

"Lastly, denounces the game being played by the FLNKS Political Bureau, which is aimed at dividing the FULK's militants, seeing that the intention is to exclude the FULK but not its militants, who for their part are members of the struggle committees."

FULK Drops Support

The FULK is "dissociating itself" completely from the day of meditation organized by the Antineocolonialist Committee. It explains its position in a communique, an extensive excerpt from which appears below.

"Considering that the antineocolonialist strategy is, in the final analysis, merely a means of concealing the schemes of the USTKE [Union of Exploited Kanak Workers] and the LKS [Kanak Socialist Liberation],

which have signed the Matignon accords—another way of saying that nothing has changed as far as the situation in the FLNKS is concerned;

"Considering that the FULK is in danger of losing its credibility by trying to participate in that political ploy, which is dangerous and harmful to its strategy of independence;

"Considering the essential point, which is that one must not combat neocolonialism within colonialism;

"The FULK Political Bureau:

"Reaffirms its position: the Rocard Plan does not guarantee Kanak independence, and the FULK's strategy necessarily consists of frustrating that plan with that objective in favor of an IKS [expansion not given] in the immediate future, and;

"Affirms that the FULK is no longer able to continue supporting a logic that is not its own, in view of which the FULK dissociates itself from the antineocolonialist communique and flatly refuses to support a so-called antineocolonialist struggle within the colonial institutions."

Questions Concerning FULK's Uregei Remain

42190001b Paris *LE MONDE* in French
4-5 Jun 89 pp 1, 8

[Text] Noumea—He is the "freelancer" in local political life. Yann Celene Uregei, 58, head of the FULK (Kanak United Liberation Front), has punctuated his career with various forms of misbehavior which once earned him respect in Kanak circles but are now causing even his former comrades-in-arms to grimace. Long revered as the founding father of the Kanak movement—he was the first, in 1975, to issue the call for independence—this former teacher with his white goatee and timid appearance has wound up arousing general suspicion within the independence movement now that his efforts to undermine the Caledonian Union (UC) have succeeded in creating a deleterious atmosphere within the FLNKS [Kanak Socialist National Liberation Front].

On a "mission" abroad—he was in North Korea—at the time of the double assassination of Jean-Marie Tjibaou and Yeiwene Yeiwene on Ouvea Island, Uregei has not yet returned to the territory. He has left his lieutenants in charge of orchestrating in Noumea the media campaign announcing the "destabilization of the Rocard Plan" in connection with the provincial balloting on 11 June.

Is that just propaganda or a threat to be taken seriously? Is the FULK, whose influence has been reduced to a few tribes in the Loyalty Islands and on Grande Terre, really in a position to disrupt the holding of those elections by attacking "physical and economic targets," as it has threatened to do? Security officials at the Office of the High Commissioner are not alone in talking about every

conceivable scenario. The UC leaders themselves are preparing for any eventuality by implementing security arrangements immediately in all sectors considered most sensitive, especially on Mare and Lifou Islands.

The reason is that uncertainty about the FULK's militant potential remains. A good many of its voters still belong to the generation of notables who are faithful to the party's slogan of "Religion and Custom" and have close ties with the Protestant Church. They followed Uregei in 1970, when he slammed the door on the Caledonian Union—considered at the time to be under the control of a staff of European wheeler-dealers—and founded the Multiracial Union, with deeper roots in the Kanak community. But for about 10 years, the head of the FULK has been making preparations to take over. He can now count on a new generation which has been trained behind the scenes and which is not well known to the authorities. The pure products of Uregei's network of foreign contacts, those young militants are fresh out of two schools.

Crop of Activists

The first group consists of cadres trained in Libya, and in the beginning, in 1984, that training was supported by the entire FLNKS, including the UC, which in September-October 1984 backed the first group of "trainees" to go to Tripoli. In the minds of the FLNKS leaders of the time, it was primarily a psychological operation aimed at creating a climate of obsessive fear in the territory. But the "Libyan affair" very quickly became a bone of contention poisoning the entire atmosphere within the coalition.

While Jean-Marie Tjibaou's UC was engaged in an offensive aimed at charming the moderate countries in the South Pacific Forum and the United Nations and trying to put distance between itself and such undesirable company, Uregei continued his love affair with Colonel al-Qadhafi. The crisis broke into the open on two occasions—first in 1986 and then in 1987—and ended in Uregei's expulsion from his post as "minister of foreign relations of the provisional government of Kanaky." The FULK leader continued his flirtation with Libya.

In all, he has sent about 40 militants to Tripoli for training in four successive contingents. At first, the training was mainly ideological. But a new step seems to have been taken recently: According to documents seized from trainees upon their return to Noumea, a training course held last December included instruction in the handling of explosives.

Parallel with that crop of budding activists, Uregei sent his young proteges to receive training of a second kind—at the universities of the South Pacific. About 100 students, most of them from the Protestant Church, took university courses on campuses in Fiji, Papua New Guinea, and even Australia.

Pierre Xulue, the FULK's current spokesman, who has just become famous thanks to his sensational remarks concerning "destabilization of the Rocard Plan," is the prototype of that new generation of cadres. He studied political science for 4 years at the university in Port Moresby, Papua New Guinea, where he still has solid connections.

The entire problem is whether those two nursery schools for young fanatics will enable Uregei to achieve his aims. Being isolated within the independence movement, will the FULK militants have enough maneuvering room within the tribes to create the event? And how much of a real audience exists for those FULK students destined to become diplomatic cadres at a time when Uregei himself is being edged further and further away from the international scene? He was in fact excluded from the Conference of the Nonaligned Movement that was held in Zimbabwe last month. A painful backlash.

New UC Leader: Francois Burck
42190002a Paris LE MONDE in French
21-22 May 89 pp 1, 7

[Article by Frederic Bobin and Alain Rollat; first paragraph is LE MONDE introduction]

[Text] The Caledonian Union [UC], which is the main component of the FLNKS [Kanak Socialist National Liberation Front], elected its new chairman on Saturday 20 May. He is Francois Burck, a former priest and a long-time friend of Jean-Marie Tjibaou, whom he is succeeding as head of the UC. As he himself says, Burck has "Kanak roots and European branches."

Noumea—The steering committee of the Caledonian Union, which had been meeting since that morning on the Saint-Louis Tribal Reserve to select a successor to Jean-Marie Tjibaou, was just winding up its work. The independence delegates, who had come from every commune on Grande Terre and the Loyalty Islands, were splashing about in the mud around the big hut that had been erected behind the soccer field. Suddenly a rainbow arched across the sky above the pole where the Kanak flag was flying at half mast. The scene was something of a metaphor.

But the picture was a perfect illustration of the outcome of the debates: For the first time since its conversion to the idea of independence, the Caledonian Union had just chosen someone of European stock as its standard bearer, thus affirming, through that symbolic choice, its faithfulness to the spirit of openness permeating the Matignon accords. It was as though, more than ever, the majority component of the FLNKS had wanted to confirm in a spectacular way its will to perpetuate the legacy of its assassinated leader.

The Caledonian Union's steering committee had decided that Jean-Marie Tjibaou's political successor would be the dean of his staff, Francois Burck, the only

survivor of the team of old-timers who, in 1977, had persuaded the party to demand independence for New Caledonia. A former companion of Jean-Marie Tjibaou, Yeiwene Yeiwene, Eloi Machoro, and Pierre Declercq—all of whom died in tragic circumstances—Burck has been the UC's general commissioner until now. He was elected by 23 votes out of a total of 40 during the balloting by delegates representing the local committees.

Leopold Joredie, who was the favorite after being named to succeed Jean-Marie Tjibaou on the territory's Consultative Committee and chosen to head the FLNKS list in the provincial elections of 11 June in the North Region, received 14 votes. Rock Wamytan, a UC leader in the commune of Mont-Dore, received three. Joredie was then elected deputy chairman of the party, succeeding Yeiwene Yeiwene, by 27 votes out of the 40.

Burck's election actually seems symbolic in two respects. Of all the UC leaders, he was probably the one closest to Jean-Marie Tjibaou. Burck, with his balding head and graying sideburns behind his eyeglasses, is also a former priest. After attending—like Jean-Marie Tjibaou—the seminary in Paita and being ordained in 1966, he even seemed destined for the highest offices in the Catholic Church, since he was in charge of courses in philosophy and Holy Scripture at the Saint Paul Seminary from 1970 to 1972.

But like Jean-Marie Tjibaou, whose confidant he had been and at whose marriage to Marie-Claude Wetta he had officiated in 1973, he was in the center of the big

upheaval which was shaking the Catholic Church in New Caledonia at the time and which led him personally to renounce his priesthood and enter politics.

Also like Jean-Marie Tjibaou, he was then elected to the Territorial Assembly in 1977 while leading the new militant generation that caused the Caledonian Union to switch from its watchword of autonomy to the choice of independence.

Burck's appointment is also symbolic from the standpoint of his origins. The grandson of a European seaman who sailed the southern seas in the 19th century and a Melanesian woman and the son of an employee of the Nickel Company who married a European woman, Francois Burck was born in Noumea on 4 June 1939. He spent his childhood in the mining town of Thio—that is, in the bush—where he was in constant contact with Kanaks. In fact, he married a former nun of Melanesian origin and now lives on a small farm in Moindou.

That career at the juncture of two worlds has made him a captivating person. The Kanaks respectfully call him "old Francois." "I have Kanak roots and European branches," he says of himself, smiling at his mixed blood. Scarcely had he been promoted, in fact, before he was emphasizing on Saturday that his election as chairman of the Caledonian Union was itself testimony to the fact that the cause of independence was exempt from "racism."

In his first statement, which was very sober, the new head of the UC, who had been one of those unable to "stomach" the handshake that Jean-Marie Tjibaou had exchanged with Jacques Lafleur after the signing of the Matignon accords, said: "We will continue the policy of Jean-Marie Tjibaou and 'Yeye'—we are not giving up."

CPP Founder Cites Evolving Policy Toward USSR

42000134a Manila *BUSINESS WORLD* in English
21 Apr 89 p 4

[Article by Antonio C. Abaya in the "On the Other Hand" column: "Joma Courts Gorbachev"; passages in italics as published]

[Text] The Last of the Great Maoists, Joma Sison, is apparently courting the Latest of the Grand Capitalist Roaders and the Biggest Revisionists of them all, Mikhail Gorbachev.

This much can be gleaned from an interview of Joma by one Rainer Werning in the August 1988 issue of the magazine *Pintig*, published by the Aktionsgruppe Philippinen (or Agphi), the main solidarity group of the National Democratic Front in West Germany.

It must be recalled that Joma founded the Communist Party of the Philippines (CPP) as a distinctly pro-Chinese Maoist organization, and he dutifully supported the Chinese in their ideological disputes with the Soviets. He called the reformer Nikita Khrushchev a "revisionist" for vilifying Stalin and instituting reforms, and he castigated the Soviets as "social imperialists" for invading Czechoslovakia in 1968, even though the Czech reformer Alexander Dubcek was a bigger revisionist than Khrushchev. He cheered Albania for leaving the Soviet camp and aligning itself with far-away China. "Long live the Great Albanian People!" was one of Joma's memorable slogans in the 1960s.

All that is now past as Joma and his CPP, orphaned by the decline of Maoism in China, looks for paternal nods of approval from the Soviets. Joma is now trying to downplay his Maoist beginnings by claiming in the *Pintig* interview that the CPP was not influenced solely by Mao Zedong but also by "the Bolshevik Party led by Lenin, the Communist Party of Indonesia, the Vietnamese Workers Party and other South East Asian parties, as well as the Korean Workers Party, the Cuban Revolution, etc... We have gained valuable experiences from revolutions in many countries..."

Asked if he still considered the Communist Party of the Soviet Union (CPSU) as "socio-imperialist" or "revisionist," Joma replied that "the CPP now considers the Soviet Union as a country that is busy building up socialism and no longer considers it as socio-imperialistic. It has also stopped calling the CPSU revisionist..." This change of view is "not surprising" since the Soviet Union has changed from being "state capitalist" into a "socialist" country.

He admit the CPP may have been wrong, saying that "the positions taken in articles in Party publications of the past were not based on investigations of the Soviet

economy and society by Filipino revolutionaries, but were based on second hand (meaning, Chinese?) information from parties with which we were connected from 1963 onwards..."

"Also," he adds, "in publications of the CPSU, the CPP was labelled in all kinds of ways, since the CPSU based itself on information about the Philippines and the CPP from the Lava clique..."

The best way of clearing these things up, Sison suggests, "is through bilateral discussions between the CPP and, in this case, the CPSU, as far as the latter is willing to discuss ideological matters. As far as I know, it is the policy of the CPP to jointly seek common points, take back points of conflict, and to strike for a reestablishment or improvement of relations with other parties and to make contacts with all parties which seek bilateral relations with it..."

There is one sticky problem. The CPSU is committed to support the Partido Komunista ng Pilipinas (PKP) of "the Lava clique." The PKP is a legal organization and does not at present wage an armed struggle against the burgis state. It is inconceivable, though not altogether impossible, for the Soviets to simultaneously support one group that is engaged only in political struggle and another group that is waging an armed struggle.

Will Sison demand that the CPSU stop supporting the PKP? "I do not believe that the CPP demands that those (East European) parties break their relations with the Lava group. But neither will it permit itself to be forced to join with or absorb this small group of pseudo-communists, if that is a condition the others impose on the CPP..."

That squelches all speculation, including in this space, that there is a move to merge the PKP and the CPP. Like their burgis counterparts, Filipino Communists are fractious to their last bottle of *bagoong*. They are products of the same culture that seems to encourage endless bickering and intrigues. Which has probably saved the Aquino Government from being overwhelmed by the Radical Left.

Joma's overtures to the Soviets are a positive move, even from the burgis point of view, although it is at present difficult to envision, considering the Soviet commitment to the PKP. However, since the CPP has a much more pervasive presence than the PKP, it is to the Soviets' advantage to embrace the CPP, even at the expense of the PKP, if necessary.

Soviet recognition and support of the CPP give the Aquino Government an opportunity to exert pressure, through the Soviets, on the CPP to terminate the armed

struggle, now increasingly an archaic expression of discontent. It would be inconsistent for Mikhail Gorbachev to pursue his well-deserved reputation as peacemaker and at the same time not lean on the CPP to wind down their insurgency.

If he can convince the Cubans and the Vietnamese to terminate their much grander military adventures, so can he the Filipinos their low-intensity insurgency. The Aquino Government can subtly suggest this as a condition for improved relations between the Philippines and the Soviet Union.

Manila Falling Behind Bangkok in Development, Sovereignty

42000137b Manila PHILIPPINE DAILY GLOBE
in English 26 May 89 p 4

[Commentary by Renato Constantino: "The Dungeons of the Past"]

[Text] Bangkok—After several weeks in Europe where one acquires a strong perception that a rethinking on fundamental issues which affect European-American questions and East-West relations is going on, this observer felt despondent just thinking about confronting anew the atrophied perspectives of many political leaders in Southeast Asia and especially back home.

It was therefore most gratifying to confirm earlier awareness of a new dynamism among many Thais and to learn from some key officials more details about the novel thrusts in the field of foreign policy that the incumbent government has initiated.

Definitely, these diplomatic moves are based on perceived national interests. Prime Minister Choonhavan is in the center of the negotiations among the Cambodian factions. He has executed deft moves insofar as China and the Soviet Union are concerned and has dealt with Stephen Solarz the way an independent nation should.

Despite the complexity of the situation which involves dealing with all factions and the bigger powers, Thailand, without waiting for a final agreement, has made bold initiatives toward its neighbors—Vietnam, Cambodia and Laos. As a matter of fact, business and trade relations are flourishing between these countries and Thailand. The Thai Military Bank has opened in Laos and the Thai baht has become the currency reference in the international trade of these nations—certainly an economic feather in Thailand's cap.

Aside from contributions to the present economic boom that Thailand is enjoying, the policy moves of the present government are in anticipation of a united European market in 1992 and rapid economic development in the Asia-Pacific region for which the U.S.-Canada free trade market has been formed.

Peace and concord in Indochina despite ideological differences is the major concern of the Thai Government. And all indications point to the fact that despite the attitudes of certain big powers, the government is pushing the frontiers of independent action in order to serve the interests of the country and the region.

It must be remembered that Premier Choonhavan is head of only a small party in coalition with other small parties, unlike the Philippine incumbent who is supported by the majority LDP plus other parties. Furthermore, the Thai military has always been a big factor in the rise and fall of governments in this country. And yet Choonhavan has been able to make bold innovative moves which reflect real exercise of leadership. Significant too, is the fact that the Thai military has started an arms supply diversification program which at least constitutes a small step in reducing the military dependence on the United States.

The Philippines used to be the envy of Thailand and other neighbors in the late 50s and early 60s, when our economy was a lot better than theirs. Now Thailand is about to join the "newly industrialized countries" while we cannot produce even our own needles and are still waiting for the economic recovery which may never come to pass in the post-LOI (Letter of Intent) and PAP era. Our mistake was not to have built an industrial base, which is the only guarantee to sustained economic development.

The irony is that we still have not seen through the game of the forces which have prevented our industrialization so that they may continue extracting the most gains from our human and natural resources. With the new IMF-dictated Letter of Intent and our enormous debt service commitment, catching up with our neighboring NICs is next to impossible.

Not only our economy but also our foreign policy has fallen victim to an anachronism. We still have not outgrown the ward mentality first enunciated by President Roxas in 1946. And ironically, even while the Americans are already trying a new tack in world affairs, we have stuck to our old hangups, afraid to forge ahead in uncertain waters by ourselves. While the rest of the world is talking disarmament, detente and peaceful settlement of regional disputes, we remain frozen in the bygone Cold War era and do not know how to take maximum advantage of the new climate for our own ends.

Our relations with socialist countries are no less antediluvian. We established relations with the Soviet Union, China and the countries of Eastern Europe long after the Americans had done so.

Now there is a new atmosphere resulting from the Reagan-Gorbachev meetings and the Sino-Soviet summit, and more openness in the East bloc economies.

Because of the impact of perestroika, trade and investment possibilities with these countries have multiplied. American, European and Southeast Asian interests have been busy exploring these possibilities, while we in the Philippines remain paralyzed by an inordinate fear of breaking out of the past. Or perhaps it is more a fear of displeasing our dollar dolers—thus Aquino cancelled her USSR trip in favor of a second pilgrimage to the United States.

In dealing with Indochina, Thailand is not letting ideology get in the way of economic relations.

Thus while we suffer the consequences of the IMF squeeze and our chronic inability to industrialize, we also close our eyes to the possibilities around us.

While others are busy moving on, having removed their colonial blinders, we choose to cower in the prison of our history, fearful of anything that can lead us out of the dungeon.

Salonga Discusses Poverty, Bases, Political Future
42000137a Quezon City NATIONAL MIDWEEK
in English 31 May 89 pp 16-18, 45

[Interview with Jovito R. Salonga, president of the Philippine Senate, by Edessa Ramos-Gamit: "Jovito R. Salonga—Problems of an Elite Democracy"; date, location not given]

[Text] Jovito R. Salonga is a man who needs no introduction. As senate president, he occupies the third highest position in the land—traditionally a stepping stone to the Philippine presidency. Though considered by many political scholars and analysts as a probable presidential candidate for the 1992 elections, he refuses to discuss the subject, preferring instead to talk on national problems and issues.

Salonga recently made news when he declared that "an elite democracy, not a participatory democracy fueled by people power," is in place in the country today. In a speech before the Philippine Bar Association at the Hotel Inter-Continental, he remarked that the Aquino government "is not yet over the hump" and that there exists a "deadly explosive" situation that "could ignite the conflagration we have been trying to avoid."

He took particular note of the "prevailing impression" among the poor that "justice in this country is only for the rich and the mighty because it is both negotiable and purchasable."

A person of grace and sobriety, the gentleman from Rizal took time out from an unbelievably busy schedule to grant this interview.

[Edessa Ramos-Gamit] In a speech you delivered not too long ago, you said that the present administration has perpetuated an elitist democracy. Can you tell us about this, and why you used the term to describe the Aquino government?

[Jovito R. Salonga] Well, I said that what is in place is an elite democracy instead of a participatory democracy fueled by people power. I do not think it's even original with me—elite democracy. What we actually have is a restored oligarchy with some changes. The little people have very little say in decision-making here, and the distribution of income and wealth is very uneven. Someone warned at the turn of the century—a fellow by the name of Ireland, quoted by Fr John Connell—that if we do not have better distribution of income, democracy will just be a shell and that's literally true. Where around 60 to 70 percent of our people are poor, below the poverty line, democracy becomes a democracy of the elite. And that's what I was trying to say. More than 85 percent of our schoolchildren reportedly suffer from malnutrition. And according to a study made by a Jesuit priest—this was sometime before the coming in of the Aquino administration—only 81 families, apart from the big corporations, control the wealth of the nation. So the imbalance is our biggest predicament. Need I say more?

[Edessa Ramos-Gamit] Is it true what government officials say that the economy is on its way to recovery and that the difficult times we are experiencing are but the temporary costs of development?

[Jovito R. Salonga] I do not care to comment on what other people say. But really we have to do something about our economy. I'm not saying there is no recovery. There has been a recovery, but it has not filtered down to the masses of our people. And in the meantime, the masses are restive. The laborers are agitating for a bigger wage. The Constitution talks about a living wage. What we're trying to give in the Senate is merely an increase in the minimum wage. I understand that, to be able to subsist, a family of six would need around 160 to 180 pesos a day. What we are giving is very, very much less. Eighty-four pesos—that's about one half, a little over a half.

So economic recovery has been achieved at the top. It has not been achieved with respect to the people at the bottom of the economic ladder. That is our biggest problem. We are confronted by multiple problems, not only the question of wages. We should think not only in terms of inflation, not only in terms of labor productivity, but also in terms of a more equitable system of income distribution. Not only the wage problem, but also the school problem, the question of the right to adequate education for our people. And you have the peripheral problem of tuition fees.

I understand that, in a few months, the price of oil will really go up. Saudi Arabia has announced it will support an increase in the price of oil. That's the biggest oil-producing country. So it would go as far as, I think, around 27 dollars a barrel. And that will have tremendous repercussions on our economy.

Then we have the insurgency problem, and the problem of peace and order which seems to be worsening. So it's not enough to think in terms of economic recovery. At the heart of the problem is the massive poverty of our people, and massive poverty confronts us in every kind of problem that we have. It's the core of the insurgency problem.

[Edessa Ramos-Gamit] Would you comment on the human rights record of the government?

[Jovito R. Salonga] Well, many propagandists abroad, including some human rights organizations here, would have the world believe that the human rights record of this administration is even worse than the Marcos record. I do not go that far. But I think the human rights record of this administration has to be improved, because of the terrific amount of propaganda being dished out in many circles abroad, which tend to bring discredit to the Aquino government. I do not believe that it is a part of the system. No. We have a democracy now, unlike before where the violation of human rights was part of the system. But I believe that because of the worsening insurgency problem and the worsening peace and order problem, we have to do something immediately about the complaints of people with respect to violations of human rights. That even human rights lawyers should be killed under the Aquino administration, that there is now a spate of killings of the religious in some places in Mindanao—these deserve the serious attention of this government. But I do not go as far as saying the human rights record of this administration is worse. I think that is an exaggeration.

[Edessa Ramos-Gamit] Do you believe the U.S. military bases would really go after 1991?

[Jovito R. Salonga] There is language in the military bases agreement as amended that, in the opinion of the Americans, speaks of 1992 as the expiry date, rather than 1991. In any event, as far as our constitution is concerned, we are bound by 1991.

The military bases will not disappear overnight simply because the military bases agreement will expire in 1991. Even if we choose not to enter into any treaty, there must be an orderly system of withdrawal. Perhaps, an orderly system of withdrawal in a few years can still be worked out. This will require imagination and diplomatic skill on the part of our policy-makers. Already, the Bush administration is being faulted in many ways because of its lack of imagination in dealing with the problem of Germany. Germany, as you know, is in favor of negotiations with the Soviet Union on short-range missiles.

The Bush administration is being criticized by responsible quarters for its lack of imagination in coping with this problem. And that's why I say imagination on both sides, and diplomatic skill.

We cannot let the bases stay here indefinitely. To me they are the best evidence of intervention in Philippine affairs. In a recent book by Stanley Karnow, entitled *In Our Image: The American Empire in the Philippines*, it is said that, from administration to administration, we see the long, long instances, the many, many instances of open intervention, shameless intervention in Philippine politics. And the time may be reached when our people will no longer tolerate that. And it will be politically unaffordable even for the Americans.

So, what I'm saying is that something can probably be worked out. Because this will not disappear overnight. Senator and former Ambassador Letty Shahani speaks of a five-year period as a phase-out period. Her brother, Secretary Fidel Ramos, speaks of a 10-year period. There are many responsible people who are in favor of a shorter period than five years. That can probably be worked out. In the meantime, we should consider our alternative options. And not only consider them, but we should plan for the eventual withdrawal of the bases, and on the basis of that plan already take initial measures. Another senator says, "Who knows, the Americans themselves may want to withdraw from the Philippines."

[Edessa Ramos-Gamit] Now we come to 1992.

[Jovito R. Salonga] That's what I suspected. (Laughs.)

[Edessa Ramos-Gamit] A lot of people are interested in this, because you are widely considered as a likely candidate for the presidential elections.

I don't know why they do when I have not opened my mouth. You know, in the early years of the Cory Aquino administration, in the first two years, a lot of people asked the same question. But nowadays I beg off, believing that it is unseemly—and not only unseemly, it's not good—to be talking about 1992. We are confronted by many, many problems, and if we don't concentrate on these problems we may not even reach a democratic 1992.

[Edessa Ramos-Gamit] How about the Liberal Party—does it have a concrete program for the future of the Filipino people?

[Jovito R. Salonga] We have a program, and that program is not only liberal but pro-people. Not only nationalistic but progressive. It is easy to say we are nationalists, but as pointed out in one good book on the subject, one may be nationalist without being pro-people. The Liberal Party program is not only liberal in the sense of being open-minded on a lot of things. Liberal, as you know, is derived from the word *liberalis*, which means being open-minded, taking a larger view, a longer overall

perspective. It's not only liberal but pro-people. The program is based on the idea that what we need here is a political and economic system geared to the basic needs of our people.

(Opens a pamphlet and points to the Party's 15-Point Program) You will notice how it is as if they were reading this during the first few days [of the Aquino administration]. "Sequester ill-gotten accumulations of wealth. Dismantle the structures of dictatorship..."

This was actually finished in 1984.

[Edessa Ramos-Gamit] Based on this program, does the Liberal Party see any coalition being formed with other political parties?

[Jovito R. Salonga] Actually we are in alliance with the PDP-Laban of Senator Aquilino Pimentel. He is assisted by Mr Ferrer and former Secretary of Labor Augusto Sanchez. We are in alliance with the PDP-Laban because our program of government is quite close to their program. We are also in alliance with the NUCD [National Union of Christian Democrats] of Secretary Raul Manglapus. We are in alliance with BANDILA of Senator Agapito Aquino, with the cause-oriented groups. So, to your question, "Meron bang coalition?" We are already in alliance. But our alliance is based on principle, based on programs, not based on personalities.

Bishop Admits Church Funds Supported 'Revolutionary Groups'

Social Action Head Addresses Australian Bishops
42000133 Sydney *THE AUSTRALIAN* in English
9 May 89 p 9

[Text] The Catholic Church in the Philippines has admitted for the first time that for four years to the end of the Marcos regime in 1986 some Church funds were siphoned to revolutionary groups.

A leading Filipino cleric, Archbishop Orlando Quevedo, who is chairman of the Philippines Catholic Bishops' Social Action Committee, told the Australian Bishops' Conference in Sydney last week these "anomalies" had been corrected and the Church's governing body in the Philippines regarded it as "water under the bridge".

He said the Church's social action arm of the Catholic Bishops' Conference in the Philippines (CBCP), the National Secretariat for Social Action (NASSA), had been reorganised and given a "new direction".

One estimate in 1986 suggested as much as 10 per cent of the Filipino clergy, motivated by the country's poverty and the repressive regime of former president Ferdinand Marcos, were members of the Communist Party of the Philippines (CPP) or communist organisations, yet the Church has never conceded that church funds might have gone to communist activities.

In 1986, after he was deposed, Marcos described the Church as a hotbed of communism, saying: "They are not only communists in the sense of participating and arming communists, they are actually engaged in utilising Catholic funds contributed from abroad and from within the Church in the Philippines to support the movement."

The Church's admission mirrors suggestions last year that aid money raised by the Australian Council of Churches, particularly from donations to its annual Christmas Bowl Appeal, was being diverted to supporters of the revolutionary New People's Army under a funding formula devised by local rebel leaders and Church project managers.

In his statement, which was released by the Australian Catholic Bishops' Conference yesterday, Archbishop Quevedo said: "The Bishops of the Philippines had long been aware that project proposals originating from groups with highly political orientations had been recommended for approval by NASSA."

He said such projects, which helped educate the poor and promote the defence of human rights, were valid.

"But from various experiences, the CBCP also became aware that some funds for such projects did not all go for the purposes indicated but somehow contributed to support activities connected to the revolutionary groups," he said.

Archbishop Quevedo said the Church was now pursuing a "new direction based emphatically on the faith dimension".

Columnist Cites Continuing Channels to Left
42000133 Sydney *THE AUSTRALIAN* in English
12 May 89 p 13

[Text] The admission by leading Filipino cleric Archbishop Quevedo that "for four years to the end of the Marcos regime in 1986" Catholic money had been siphoned to "inappropriate" (including communist) bodies is not novel.

It has been admitted twice already by Cardinal Sin of Manila, and before that by Bishop Claver, who preceded Archbishop Quevedo as chairman of the Philippines Bishops' Social Action Committee.

After Bishop Claver's elevation to office, 75 per cent of the employees of the bishops' funding agency, the National Secretariat of Social Action (NASSA) either decamped or were dismissed.

The problem, however, remains; if it is swept under the carpet, the Catholic Church will suffer further long-term damage.

If the issue of the misappropriation of Catholic funds for communist purposes had not originally been raised publicly in Australia, it is extremely doubtful that corrective action would have been taken in the Philippines. One followed the other.

So far, despite these admissions, there has been no apology to those who served the long-term interests of religion by telling the truth about the matter; instead, they have been bombarded with abuse.

What is novel in Archbishop Quevedo's statement is that these "anomalies" (sic) have been corrected, and that "the Church's governing body in the Philippines regarded it as water under the bridge".

It is true that Archbishop Quevedo and Archbishop Pell, chairman of Australian Catholic Relief (ACR) in Australia, showed no laxity themselves in this matter and have done their best to clean up the situation.

Regrettably, they have a long way to go before the continuing misuse of Catholic funds is terminated. Indeed, granted the way the cards are stacked, it is quite uncertain that they will succeed.

The kernel of the problem lies in the way in which Catholic aid funds, including those supplied by ACR, are transmitted to the Philippines and the way they are then distributed.

Some eight Catholic aid agencies in the West, like ACR, dispatch by far the largest part of their Philippines relief funds through a central body located in Hong Kong, known as the Asia Partnership for Human Development (APHD). This group distributes millions of dollars annually. ACR has sent \$7.2 million to the APHD in the past 10 years.

Vetting

Despite the fact that it handles millions of dollars each year—contributed in good faith—the APHD does not have a balance sheet that is regularly audited by an auditor appointed by the bishops in donor countries. Ultimately, the responsibility for raising and spending the money is theirs.

That this deficiency is critical is proved by the fact that as recently as 1987, about one-third of the projects receiving APHD money were positively disapproved of by the Philippine bishops or their agency.

Not only is there no "vetting" of these sums by the Filipino bishops or their agency, but the APHD itself does not even pretend to evaluate how these funds are used. The excuse given is that most of those receiving funds would resent such supervision.

Seeking to bring the situation under control, the Filipino bishops have attempted to enforce a rule that only projects authorised by the local bishop should be funded by the international agency.

The Germany Catholic aid agency Misereor, perhaps the largest, has accepted the bishops' decision. But 14 European and Asian national aid agencies have refused to do so.

There is, therefore, neither supervision nor control of APHD funding at either end. No wonder money goes so easily to "inappropriate" organisations.

Furthermore, these agencies, or their representatives, have obviously worked out a new method of funnelling Catholic aid funds to the same bodies, just in case the steps taken by the Philippines bishops ultimately impose some restrictions.

Many of the scandals referred to occurred while Bishop Julio X. Labayan was in charge of NASSA. Last September, after the Left's control of that body was broken. Bishop Labayan visited Belgium and is on the record as saying: "Following the changes in NASSA, different independent support groups have been organised to study and evaluate development projects."

"Based on the principle that the development program belongs to all, and that the Church is only one of the participants, it is only logical that development co-operation agencies should also be interested in the services rendered by these other, recently organised offices."

In other words, new channels have been provided in place of the old ones. Under the circumstances, it is regrettable that assurances are still being given that the problem has been solved.

The problem represented by the APHD can be solved only by the abolition of the organisation itself, otherwise a repetition of the Vatican Bank scandal remains on the cards.

NPA Commander Discusses Operations in Negros
42000134c Quezon City WE FORUM in English
15-16 May 89 pp 5-6

[Text] Bacolod City—On March 29, the New People's Army observed its 20th anniversary. Somewhere in a Negros island, the Silvino Gallardo Negros Island Operational Command had a whole day of parade and pass-in-review of its regular fighters.

Some 300 NPA members were gathered. Some were deplored on hilltops, on guard against low-flying planes and helicopters.

A platoon of seasoned Red fighters just arrived from a two-day trek of the hinterlands to join the gathering which will be capped by a "Parangal sa mga Bayani," a commemorative meeting in honor of their slain comrades.

On top of the preparations and ceremonies was Ka Philip, chief of the command.

A quiet unprepossessing personality reveals his class origin. Ka Philip hails from a landlord family that owns some 500 hectares of land in Panay and Negros.

The only military background that comes close to him was his father's involvement as a military doctor of the U.S.-led Philippine army during World War II.

Ka Philip took up agriculture in UP Los Banos. It was there that he got involved with the Kabataang Makabayan, went underground and honed his organizing skills.

He later opted to be deployed in his home province, Negros, and rose as one of its military tacticians. He gradually replaced the well-known Nemesio Demafiles or Kumander Iko in the Negros revolutionary underground.

COBRA-ANS covered the NPA anniversary celebration and managed to have the following interview with Ka Philip:

[COBRA-ANS/PNF] Ka Philip, at this stage in your struggle, what is your assessment of the NPA's strength? Can you say that militarily you are now at par with government forces? What is the quality of your arms? Is it enough? How is the morale of the revolutionaries in Negros?

[Ka Philip] What I have been saying all along is that the NPA continues to grow even with the strategy that the military is using. The NPA has been able to cope and has in fact, achieved victories.

As to arms strength the weapons we use come mainly from the enemy. Militarily, the NPA continues to grow, despite of what has been steadily said to the contrary.

On our capability, it has been shown that we attack and demolish company-size units which dare venture inside our base area as what happened in the subvillage of Pako in Camindangan Village, Sipalay town, in May of 1988.

As to our capability to destroy military camps outside of our areas, this had been proven in the NPA raid on the Hiyang-Hiyang, Cadiz City detachment of the military, in Pakwan Subvillage, and in Nagbagang Village in Sta. Catalina town last year.

All these company-size formations were well-defended or had complicated defenses. But we were able to attack and overran them.

[COBRA-ANS/PNF] How big is the NPA now? Can it launch bigger operations?

[Ka Philip] In areas anywhere in Negros Island where we operate, we can mobilize company-size units during tactical offensives. If all the forces in the various guerrilla fronts are concentrated, we could reach up to battalion strength. We base our estimates on the number of our fighters and on the weapons they carry.

[COBRA-ANS/PNF] Can you give us an estimate of casualties on government troops and other data about tactical offensives you were able to carry out last year?

[Ka Philip] On the question of successful operations last year, the NPA was able to overran four headquarters or detachments. Based on the partial report submitted we were able to seize 100 high powered rifles, three mortars, three machineguns and more than 50 short arms.

In addition, the NPA was able to destroy totally one helicopter, partially damaged four others and slightly damaged one APC.

All this was kept hidden by the military from the media.

[COBRA-ANS/PNF] What developments do you foresee now and in the future?

[Ka Philip] We have reached the advanced substage of the strategic defensive and the next general trend is to enter its last substage. In connection with this there will be an intensification of guerilla war and later regular warfare.

Furthermore, in the development of this later stage, the NPA will have to systematically grow horizontally and vertically. Vertical growth means the arming and training of local armed units, the militias and the Self Defense Corps (SDC's) and other armed units in the localities.

Ensuring horizontal growth would entail the formation of regular armed units, the minimum being company-size.

[COBRA-ANS/PNF] Civilian government and military officials claimed that the NPA has become gradually isolated from its mass base because of surrenderees and resignations from the revolutionary movement. What can you say about this?

[Ka Philip] These talks about surrenders and traitorous acts are really part of the political maneuvers of the enemy designed to create confusion and destroy the morale of those who comprise the revolutionary movement.

Encouraging defections and capitulations became part and parcel of the Low Intensity Conflict strategy. There were several who were taken in by this, a few examples being Demafiles and Dojillo and several others who surrendered. We know their ideological agent is Eddie Federico, alias Menong.

The propaganda that the NPA has gradually weakened because it is isolated from its mass base is part of this ideological and political maneuvers to bring about more capitulations. But the truth is that the tactical offensives of the NPA are the answers to this. These (operations) would not have been launched without mass support.

[COBRA-ANS/PNF] Will the organization of civilian Armed Force Geographical Units and anti-communist vigilantes not complicate the NPA's objectives?

[Ka Philip] The CAFGUs and vigilantes are mainly being used in the implementation of the government's Total War Policy. The grassroots are being made to fight each other. This creates difficulties for us but because of the AFP's and the CAFGU's internal weaknesses, they will not last long. By internal weaknesses we mean its intrinsically fascist character which does not serve the people's interests.

Also, because of their mercenary character, that they are only after their salaries, we foresee the hastening of the collapse of the AFP and the CAFGUs once the economic crisis worsens.

We have no illusions, though that the collapse will just come from out of the blue or that it will just come about on its own accord. It will have to come mainly from the blow inflicted by our tactical offensives. This will result in the destruction of their morale and their political networks. This is one process we must pursue which entails bringing the struggle to a higher level.

[COBRA-ANS/PNF] The military has issued statements in the past saying there are villages under your control. In your estimate, what percentage of the area in Negros Island do you control?

[Ka Philip] Insofar as total control is concerned, the NPA has not yet attained that. The AFP still possess the strength to operate inside our area. But once we are in it we also control these areas.

It is clear, that the military does not control the hearts and minds of the people though they may control the territory momentarily.

A good gauge of the amount of control we have, although not total is that we can operate in the nooks and corners of Negros' countryside, including areas with CAFGU detachments. The CAFGUs control only the detachments they stay in but never the surrounding areas.

[COBRA-ANS/PNF] Many so-called political analysts who presume to understand guerrilla warfare, said the revolutionary movement has shifted back to the protracted war strategy because of the negative effect of urban warfare. In Bacolod City, we have seen that the NPAs do not anymore carry out Sparrow operation. Would you say that you have now gone back to the protracted struggle policy, and emphasizing more on political rather than armed struggle?

[Ka Philip] Since the NPA was organized and adopted its strategy and tactics, no major change in policy in the pursuit of armed struggle has changed. Concretely speaking, in the twist and turns of the struggle there are certain conditions which can hasten or slow down the process. For example, the isolation of the former Marcos dictatorship from the people was one condition which hastened the revolutionary process.

In the case of the new government, the NPA itself has to do careful watching to see if Aquino is really for the people. Now, we see that this is much worse than the government of deposed President Marcos even more so in its subservience to U.S. imperialism.

In our analysis, the Aquino government is gradually unmasking its real character and this will hasten the revolutionary process earlier than anybody had been saying.

Another thing is that it is preferable not to impose a time limit on when we will attain victory but the military, too, has adopted new strategies and tactics and we have to make adjustments in the light of the AFP's resort to what is now popularly known as the Total War Policy or the gradual constriction strategy.

In this regard, the NPA has adjusted to this change in AFP strategy which initially proved to be effective.

Overcoming this, as we have overcome other obstacles, has actually been part of a process we have learned in our struggle.

Columnist Predicts 'Protest Vote' Will Defeat Aquino in 1992

42000134b Manila BUSINESS WORLD in English
23 May 89 p 4

[Commentary by Ninez Cacho-Olivares in the "My Cup of Tea" column: "The Fun Begins"]

[Text] Salvador Laurel, Juan Ponce-Enrile and Blas Ople have been presented to the public by the resurrected Nacionalista Party as the alternative to the Aquino Administration.

Some alternative, some Coryistas as well as Soristas will mutter.

Maybe. Maybe not. Many, however, will probably agree that the formation of an opposition party is a healthy development for Philippine democracy. And many will see the new Nacionalista Party leaders as the opposition leaders.

The Liberal Party headed by Senate President Jovito Salonga can hardly hope to be viewed as today's opposition party. Not when its leaders continue to proclaim that it supports the Administration without, they claim, being subservient.

The PDP-Laban, headed by Sen. Aquilino Pimentel, even if it has veered away from the Jose Cojuangco faction, continues to be regarded by the general public as a supporter of Mrs. Aquino and her administration.

Since both political parties and their leaders are closely identified with the present administration, they will hardly be regarded by the public, come voting day, as the opposition to Mrs. Aquino, if she runs, or her anointed, if she steps down.

And, traditionally, with Filipino voters, only two parties matter: that of the Administration and that of the Opposition. And the more the opposition lambasts an administration that is declining in popularity, the more the crowds cheer.

It hardly matters to the average Filipino voter that candidates, whether senatorial or presidential, have any platform to offer. In the past, elections were more of a means for the people to make their protest against an administration known.

Except for Ferdinand Marcos, Filipinos never gave the incumbent presidents their vote the second time around. Also, in the case of the Marcos reelection, it was said then that elections had been rigged in his favor. But this didn't seem to stop the voters from showing their displeasure over the Marcos Administration at the first opportunity. When senatorial elections rolled, all the opposition candidates, except one, were given the vote.

That the Filipinos don't bother about programs and platforms, even in the eighties, can be gleaned from the last "snap" presidential elections. Then candidate Aquino never presented a vision or a program of government. She promised to dismantle the Marcos apparatus and promised the Filipinos a better life under her stewardship. The Aquino-led opposition waged a negative campaign. The "hate Marcos" strategy was successful. It did not matter to many that she was inexperienced

and unqualified to lead the nation. The Filipino voter saw the opportunity to register his protest of Marcos and his regime. I would even venture to guess that in 1986, it was not so much a vote for Mrs. Aquino but a vote against Marcos. It will be recalled that then, many felt that the election would be rigged anyway; that she had no chance against the superior Marcos election machinery. But even that didn't matter to the voters. The protest vote mattered more.

It is this protest vote that will probably resurface in 1992. The opposition will be on the offensive, and the administration candidate, as well as a coalesced Liberal and PDP candidate, if there be one, will be on the defensive—a difficult position for any candidate to be in.

They did, after all, promise the people six years earlier that life would be better for them; that graft and corruption would be stamped out under their administration; that the greed and influence of presidential relatives would be a thing of the past; that, unlike the Marcos regime, the Aquino regime would no longer hock the future of the Filipino by borrowing from the IMF-WB.

And the Administration candidate, whether Aquino or Mitra, and a third candidate, whether Pimentel or Salonga, will have to defend themselves against these charges raised by the opposition candidates. They were, after all, the same individuals who approved a huge national budget. They supported the Aquino leadership. They closed their eyes to the many problems that faced the country. In brief, they failed in their promise to fiscalize the Aquino regime.

Already, there has been a change in public attitudes. Mrs. Aquino and her Administration's approval rating has plummeted. The public doesn't think much of the senators and congressmen, especially after their moronic display over the Steve Psinakis affair. But, more importantly, many are slowly accepting the idea of change in leadership. And there is great doubt that in the next election, voters would elect a candidate on the basis of being a friend or a brother of Ninoy Aquino.

That time is past. The Nacionalista Party leaders know that. And so do the people.

No longer are Mrs. Aquino and her "moral" officials seen as an "unalloyed good." Even she has become fair game, even to those who once equated her with motherhood and the flag.

The fun is just beginning.

Kraisak States Strategy for U.S. Trade Talks
42070092d Bangkok NAEON in Thai
27 Apr 89 pp 7, 14

[Unattributed report: "The Son of the Prime Minister Reveals the Strategy for Bargaining With the United States: Put Every Problem on the Table, Give and Take"]

[Excerpt] [Passage omitted] On 26 April, the American Chamber of Commerce in Thailand invited Mr Kraisak Chunhawan, the son of General Chatichai Chunhawan, the Prime Minister, and head of a personal advisory group to the Prime Minister, to give a lecture about Thai-United States trade to Chamber of Commerce members.

Mr Kraisak talked about the big picture of the trade problems between Thailand and the United States. He said that we should not discuss the issues separately but should set up a committee for the talks consisting of all involved officials whether they were involved with patents, computer software, cigarettes for which the United States would like Thailand to open its markets, and tariffs.

The committees for the two sides should sit down and discuss what would be acceptable and unacceptable regarding the various issues. This would depend on an agreement not to discuss issues individually.

In addition it would not be acceptable if the United States used provision 301 of the new Trade Act to attack Thailand or to force Thailand to accept U.S. demands. Thai acceptance of the U.S. position on any issue would depend on the results of the meeting being fair to both sides.

The issue of computer software is of particular importance. The United States is trying to force us to change the copyright law to cover computer software. We would like the United States to consider right now that Thailand buys more computers from the United States than from Japan or the European countries.

It would not be right for them to pressure us about computer software because Thailand buys more from the United States than from others and so the United States should yield a little.

The United States should improve its trade with the countries of Indo-China as Thailand has begun to do. We would like to have the United States invest in Thailand in order to expand trade with Indo-China. If it is too slow, the United States might lose the advantage to other countries such as Australia which is cooperating with Thailand in developing trade in many areas.

Columnist Criticizes U.S. Trade, Foreign Policies
42070098c Bangkok DAILY NEWS in Thai
15 May 89 p 2

["Around the World" column by Trairat Sunthorapraphat: "America's Unfriendly Policy"]

[Excerpts] It's unlikely that America's recent foreign policy will benefit the United States. Rather, it will hurt the United States in many ways.

The United States has announced that it will intervene in Indochina and send weapons to the Cambodian resistance factions. It is interfering in Panama and has sent many troops there in the hope of toppling Gen Noriega. It tried to eliminate Col Qadhafi, the leader of Libya, charging that Libya was building a chemical weapons plant. It also told Thailand to get the thousands of Thai workers there out of Libya, saying that it might send bombers to destroy that plant. Besides this, the United States has indicated that it might not adhere to the trade regulations of GATT.

George Bush seems to have fallen under the influence of certain organizations. He doesn't seem to be able to act independently, which is what many people predicted would happen even before he was elected president. The CIA seems to have great influence over the White House. His advisors are probably exerting great pressure on him. As for Indochina, the U.S. Senate has become so fed up that it has threatened to pass a law calling for sanctions to be applied against any country that supports the Khmer Rouge. It does not want the United States to become involved too deeply. Several people have pointed out that if the United States is serious about wanting to solve this problem, it should help to bring about a cease-fire and stop providing weapons. Because if it continues to send weapons, the same thing will happen here as happened in Afghanistan, where the fighting has escalated even though the Soviet Union has now withdrawn its troops. [passage omitted]

The United States has sought an excuse to eliminate Qadhafi, who has constantly opposed the United States. It claims that Qadhafi supports international terrorists and so when it thought that Libya was building a chemical weapons plant, it wanted to destroy it.

What proof did the United States have that Libya was building a chemical weapons plant in view of the fact that the United States is at odds with Libya? And even if Libya was building a chemical (weapons) plant, a small country like Libya has the right to procure weapons to defend itself. Iraq used chemical weapons against Iran. But the United States didn't interfere or bomb Iraq. It was probably afraid that Iraq would retaliate, because Iraq has been fighting savagely for more than 10 years. Other countries, particularly European countries, India and Pakistan, and countries in the Middle East, have produced chemical weapons, but the United States hasn't said anything.

The United States has launched a trade war against the peoples of the world. It has forgotten that just after the Second World War, the United States enjoyed a huge trade surplus, but no one thought about retaliating against the United States. But now that it has a trade deficit, the United States is complaining loudly and threatening to take action against other countries. The United States has threatened Japan, Korea, Taiwan, Thailand, and even the European Common Market.

The United States should take measures to solve its internal problems. It should cut its defense budget, which would help solve the problems. The actions taken by the United States against other countries have exerted pressure and shown their hostile intentions. This has compelled many countries to make adjustments. They have had to strengthen their ties with the communist countries and distance themselves from the United States. The United States is becoming more and more isolated. No one wants to be submissive to the United States.

Growth Planned in Hungary Trade
42070098b Bangkok SIAM RAT in Thai
17 May 89 p 16

[Text] The Joint Thai-Hungarian Trade Subcommittee has set a target of \$70 million, or approximately 1,750 million baht, for bilateral trade in 1991.

Mr Phinya Chuaiphot, the deputy minister of commerce, who disclosed this after officially opening the conference held by the joint trade committee at the Ministry of Commerce this afternoon, also said that the purpose of this meeting is to discuss trade and review the trade situation of both countries so that our governments can find ways to solve the problems and overcome the obstacles and increase trade between our countries in accord with the target.

This conference is scheduled to last 3 days. The results will be summarized on 18 May, and an initial agreement will be signed with Mr Zoltan Gombocz, the Hungarian deputy minister of trade. We will also sign an agreement with Hungary to waive the collection of a surtax.

Trade between Thailand and Hungary has increased markedly during the past 5 years, that is, during the period 1984-1988. In 1984, the value of trade was \$24.66 million. This increased to \$39.81 million in 1988. Thailand has constantly suffered a trade deficit with Hungary. Last year, the deficit was \$28.13 million. Thailand exports coffee, para rubber, ready-made clothing, tobacco, and agricultural goods to Hungary. Thailand imports chemical fertilizer and medical implements from Hungary.

Australian Minister Plans Computer Software Investments

42070092c Bangkok DAILY NEWS in Thai
25 Apr 89 p 9

[Text] Mr Lynn Arnold, the Australian Minister of Development and Technology, announced that as leader of the group of businessmen from the state of South Australia during 23 to 28 April he expected that the talks between Australian and Thai investors now would conclude with the signing of an agreement concerning joint investments at least in computer software.

Mr Arnold said that earlier South Australia had appointed the Locksley Company (Bangkok) to represent them in talks with Thai businessmen who wanted to invest in computer software along with investors from South Australia. The Australian side worked to find a group of investors who wanted to enter the Thai market. The South Australian side was led by Software Export Center South Australia Inc., which was also taking part in the present trip.

Mr Arnold said that the computer software industry of South Australia had been accepted by the market generally. The big market now was in the United States and England. In any case the present talks to find Thai investors were the result of the need for cooperation with customers in entering this market now; all software had to be designed according to the special needs of the customer. Therefore, this group of Australian investors felt that there would be no problem in protecting their intellectual property.

In addition to the talks concerning computer software, the two sides also talked about other areas such as ship building, construction, teak products, and leather products.

Education Minister on Aid to Laos, Cambodia
42070098a Bangkok MATICHON in Thai
12 May 89 p 19

[Excerpt] [Passage omitted] Gen Mana Rattanakoset, the minister of education, said that the Ministry of Education has implemented a program in support of the government's policy of turning the battlefield into a trade field, particularly with respect to Laos and Cambodia. The ministry has ordered the Department of Teacher Education and the Vocational Education Department to implement this program. The teachers colleges located near the Thai-Lao and Thai-Cambodian border have been made responsible for language studies, management, and other high-level courses. The vocational and technical colleges, the agricultural colleges, and other vocational schools will be in charge of vocational studies, modern technology, housing, and agriculture. However, before anything can be done, we must consider the feasibility of the projects and the needs of these two countries. The ministry will request authorization from the cabinet in June.

Mr Banchong Chusakunlachai, the under secretary of education, said that at present, Laos needs Thailand's help in the field of language. There is often a lack of understanding even though the intended meaning is the same. Thailand, for example, says "border transit fee," but Laos says "entry fee." Thus, we must work together in preparing textbooks, dictionaries, and instructional implements, adhering to the principle of doing things in a way that is convenient, economical, and beneficial.

Mr Banchong said that the program of providing educational assistance to Laos and Cambodia will get underway at the beginning of fiscal year 1990 after Vietnam withdraws its forces from Cambodia this September. We are now at the stage of contacting policymakers in those countries.

Opinion Leaders Comment on Cambodia Issues

Possibility of Khmer Rouge Return

42070097 Bangkok BAN MUANG in Thai
12 May 89 p 2

["Stop the World" column by Kamon: "The Cambodia Problem Lies With the Khmer Rouge"]

[Excerpt] [Passage omitted] During the 10 years that the Phnom Penh regime has ruled Cambodia, it has done much to revive the Cambodian economy. The people's standard of living has improved greatly. If a general election were held and the people were given a chance to vote freely without any interference by the super powers, the people would probably vote for the Phnom Penh government.

There is very little chance of a return to power by the Khmer Rouge. Thus, Khieu Samphan, the leader of the Khmer Rouge, is demanding that a quadripartite government be formed, that is a government composed of the Phnom Penh government and the three opposition factions. That would give the opposition factions a chance to seize power in Phnom Penh.

Many Cambodians were killed, and many people suffered greatly. The Cambodian people have not forgotten what they suffered while many leaders of the country lived "high on the hog" abroad with foreign aid.

Cease-Fire Gets Support

42070097 Bangkok THAI RAT in Thai 9 May 89 p 3

[Editorial: "A Cease-fire in Cambodia?"]

[Excerpt] Much progress has been made in reaching a peaceful solution in Cambodia as a result of the negotiations in Jakarta between Prince Norodom Sihanouk, the leader of the CGDK [Coalition Government of Democratic Kampuchea], and Mr Hun Sen, the prime

minister in the Phnom Penh government, and as a result of the talks in Bangkok between Mr Hun Sen and Gen Chatchai Chunhawan, the prime minister of Thailand.

The important development in the Jakarta talks was that the leader of the Phnom Penh government invited Prince Sihanouk to return as head of the country. Prince Sihanouk responded by announcing that he is prepared to return if Vietnam withdraws its troops and this is independently confirmed, if a new constitution is promulgated, and if a multi-party system is restored in the country.

As for the results of the talks in Bangkok, the Thai prime minister suggested that Cambodian factions arrange a cease-fire before Vietnam withdraws its troops and before the next quadripartite meeting in Paris. Mr Hun Sen agreed with this idea and announced that even if the other factions refuse to stop fighting, the Phnom Penh faction will announce a cease-fire unilaterally after Vietnam withdraws its troops.

A cease-fire in Cambodia, where the fighting has dragged on for more than 10 years, will be good for peace throughout Southeast Asia and for Thailand in particular. Thais living along the border won't have to worry about being killed or wounded, which is what the Thai prime minister wants, and the civil war in Cambodia will come to an end, which is what Mr Hun Sen wants. [passage omitted]

Kraisak Supports Halt in Aid to Khmer Rouge

42070097 Bangkok SIAM RAT in Thai
12 May 89 pp 1, 2

[Excerpt] [Passage omitted] Mr Kraisak Chunhawan, an advisor to the prime minister, has voiced support for the news that the U.S. Senate will promulgate a law halting aid to countries that provide weapons to the Khmer Rouge. He said that if this is true, that is good news, because that will help bring the turmoil in Cambodia to an end.

Mr Kraisak said that in the present situation, providing more weapons will not help solve the problem or be of any use, because this is a very delicate moment in the attempt to solve the Cambodia problem. The attitude expressed by the United States will promote the negotiating process, particularly the negotiations on reaching a cease-fire.

As for the weapons of the various Cambodian factions, the advisor to the prime minister said that they have enough to continue fighting for a long time. Prince Sihanouk, for example, has more weapons than soldiers. The fact that the U.S. Senate plans to implement such a policy shows that the United States understands the Cambodia problem. Besides this, the negotiations between China and Vietnam and the summit meeting between China and the Soviet Union will help solve the Cambodia problem more quickly. [passage omitted]

Khukrit Comments on Sihanouk, Hun Sen
42070097 Bangkok SIAM RAT in Thai 15 May 89 p 9

["Soi Suan Phlu" column by Khukrit Pramot]

[Excerpts] [Passage omitted] The other evening, Prince Sihanouk gave a very thought-provoking interview to the press. The reason why I say this is that what he said is exactly what I said in an interview with the Thai press 8 weeks ago. For someone like myself, it would be an honor just to speak to Prince Sihanouk. But the fact that he said the same thing as me is a great honor.

He warned that the fact that the free world is praising Hun Sen's PRK [Peoples Republic of Kampuchea] more than his CGDK [Coalition Government of Democratic Kampuchea] could someday result in the Khmer Rouge launching a strong attack against Phnom Penh.

What he was saying was that after Vietnam withdraws its troops from Cambodia, a civil war might break out in Cambodia, and the Khmer Rouge might attack Phnom Penh in an effort to seize control again.

Prince Sihanouk also said that press reports supporting the Hun Sen faction are making it even more difficult to solve the Cambodia problem. [passage omitted]

During the month or two before the Khmer Rouge are able to seize important cities and Phnom Penh, many countries will probably recognize the government in Phnom Penh as the legitimate government of Cambodia. In such a case, the Khmer Rouge will probably launch major attacks against Phnom Penh and other major cities. If they manage to seize control of Phnom Penh, many countries, including opportunistic countries, will again cheer the Khmer Rouge. [passage omitted]

I agree with Prince Sihanouk that the situation in Cambodia will become very difficult after Vietnam withdraws its forces. As I have said in interviews, there are many responsible people in Thailand who do not think that there will be peace in Cambodia and who do not want Thailand to host a peace conference or have anything to do with Cambodia.

Prince Sihanouk also said that the meetings between China and the Soviet Union could lead to peace in Cambodia. But I think that China and the Soviet Union have many other matters to discuss besides the Cambodian issue, which they probably regard as a minor issue.

Some people in Thailand feel that Thailand should have dealings with the Hun Sen faction. They feel that this would benefit Thailand in the future, because the Hun Sen faction will continue playing a role in Cambodia. Thus, establishing friendly relations with the Hun Sen faction will benefit diplomatic activities between Thailand and Cambodia in the future. But at the same time, people should realize that it will be very difficult to eliminate the Khmer Rouge. And if the Khmer Rouge,

with their weapons and troops, remain in Cambodia, it will be very difficult to establish peace there. Moreover, it will be difficult to implement a Thai-style policy of associating with both the Hun Sen faction and the Khmer Rouge. But many people don't feel there is any reason to worry because we have a very wise government that can solve every problem, from those in the Near East to those in the Far East. [passage omitted]

Stock Exchange Official on Computerized Trading
42070091b Bangkok DAO SIAM in Thai 6 May 89 p 3

[Interview with Dr Wirasak Suk-anarak, the deputy director of the Stock Exchange of Thailand, by Ubonrat Khaphaeng; date and place not specified]

[Excerpt] The policy of the Stock Exchange of Thailand is to change the way that stocks are bought and sold on the floor of the exchange. The exchange wants to switch from a manual system to a computerized system in order to be able to handle the increased trading volume in accord with today's economic situation. Business is thriving, and increasing numbers of investors want to invest in the stock market. DAO SIAM asked Dr Wirasak Suk-anarak what benefits the new trading system will bring and whether the present trading mood will continue. His response was:

The present mood on the trading floor will probably change. Because if we switch to using computers, the atmosphere on the floor.... If people can't deal directly with each other like today, the atmosphere will change. But I think that such a change is necessary. Trading by computer is faster. The mood of the investors might change, but there will be other benefits.

[Ubonrat Khaphaeng] Why does the board of the Stock Exchange feel that it is necessary to switch from the present system to a computerized system of buying and selling stocks?

[Dr Wirasak Suk-anarak] There are now 176 stocks listed on the Securities Exchange of Thailand, and 140 companies have registered. Last year, 36 companies joined the exchange, and this year at least another 35 will join. The present board is not large enough to record all the daily transactions. If more companies join the exchange, the board won't be able to record all the transactions. Second, the stock exchange has an area of only 688 square wa [1 wa equals 2 meters]. There are a total of 35 registered companies, or brokers. Each company is limited to a maximum of 20 traders on the floor of the exchange. But some send a few more. Thus, there are presently about 700 brokers. Thus, at present, counting both brokers and exchange officials, there are about 600 people [as published]. If you compute the number of people per square meter, you can see that the floor of the exchange is now very crowded. Also, many other brokerage companies have indicated that they want to increase

the number of traders. But we can't let any more in. They would not be able to deliver their customers' orders. The floor of the exchange is overcrowded.

Third, after a transaction has been completed, using the present system it takes 3-4 hours for the share price index to change. It takes that long to input the data. The traders who executed the orders have to input the data into the tables. The data is then fed into the computer. The traders can then see if their orders were executed correctly. This takes 2-3 hours. On some days, trading exceeds 1 billion. Volume reaches 8,000 shares. Some traders have to stay very late. That is, they have to go through the clearing process to see if their customers' orders are correct. If this isn't done properly, the price index can't be released. At present, the share price index that is released in the afternoon is only an approximation. Finally, with the present "back office" system of trading, after 2 hours of buying and selling, we have to carry out the clearing process in the back office. And it takes 3-4 days to register shares. This is obviously very slow.

[Ubonrat Khaphaeng] What will be the benefits of using computers?

[Dr Wirasak Suk-anarak] The brokers will be able to phone in their orders. They won't have to use forms or be located here. Second, traders are paid 5-6,000 baht and even up to 10,000 baht. Each brokerage company has about 20 traders. That's about 200,000 baht. If computers are used, they can use the traders to carry out marketing tasks or perform other duties. I don't think that there will be any problems as far as employees are concerned, because the market is growing constantly. They will be able to cut back on expenditures. Third, it will be possible to execute more orders. There are now too many traders on the floor, and they get in each other's way. The space in front of the board is packed. Some people can't place their orders, and mistakes are made in recording the orders because things are so crowded.

I have talked to member companies about this. Today, they are placing 25 percent of their customers' orders. If computers are used, they will be able to place 50 percent of the orders. The daily volume could increase from 1 billion to 2 billion. Fourth, the share price index could be issued immediately after the close of the market. Fifth, the people who write down the prices in the room write down what they hear shouted to them. The prices may be correct or incorrect. By using computers, the prices listed will be the correct prices. Sixth, the exchange is now open from 0930 to 1130 hours. If we use computers, we will be able to carry on trading activities 4-5 hours depending on what the member companies want.

[Ubonrat Khaphaeng] What methods does the Securities Exchange of Thailand have for controlling trading activities?

[Dr Wirasak Suk-anarak] As for controlling prices or the churning of share prices and so on, security officials will know what is going on immediately from the computer data. It won't be necessary to wait to check things or wait for member companies to turn over things. They will be able to check things immediately. There will be various data that can be checked.

[Ubonrat Khaphaeng] What type of computer system will be used?

[Dr Wirasak Suk-anarak] We are now in the process of selecting a system. A Securities Exchange team has gone to look at various systems. The specifications listed for those who want to submit bids call for a system similar to the present trading system, that is, an "option system." We have asked various companies to submit bids. The Trading Subcommittee has visited the securities exchanges in the United States, Canada, Amsterdam, and London. Last weekend, we went to Pathaya. We invited the companies that had submitted bids and opened the bids. Five companies submitted bids. The number has been narrowed down to three, that is, the Picam Company of New York, which makes software, and the "Rang Misvorsdock Ekcheck" and "Rochita" companies, software companies in England. The next phase will be to have them submit data on the use of the computer system and other data.

We are now studying the hardware and looking at the differences between the systems of each company. After this, we will get into the mechanics. [passage omitted]

Chamber of Commerce Reacts to Bill on Foreign Holdings

*42070091a Bangkok NAEON in Thai
4 May 89 pp 7, 14*

[Excerpt] [Passage omitted] Mr Prayun Thaloensi, the managing director of the Thai Chamber of Commerce, said that the work committee of the Chamber of Commerce has finished writing a summary of its views on the draft act to revise that portion of the Land Code dealing with land ownership by foreigners. The cabinet appointed Mr Michai Ruchuphan, the minister attached to the Office of the Prime Minister, chairman of the committee to consider this draft act, and Mr Michai asked the Chamber of Commerce for its opinion.

The work committee of the Chamber of Commerce opposes the draft act on four points:

1. The act stipulates that juristic entities such as limited companies in which foreigners own shares or which carry on operations that benefit foreigners must reveal their objectives, state their reasons for having to use the land, and show the details of the project to the state. They must also show the incomes of the shareholders in order to register the deeds.

This is good in principle. But in implementing this, there will be problems in obtaining documentation. And people will incur unnecessary costs in registering title to land, which will cause problems for Thai businessmen. Besides that, that will make it more difficult to promote investment and develop the securities market.

2. The draft act stipulates that a juristic entity with a foreign manager or foreign board members must register as a foreign juristic entity. The Chamber of Commerce feels that this stipulation will turn partnerships and companies with foreign partners or shareholders into foreign companies. This will be the case even though they may only be managed by a foreigner or have only one foreigner on the board. This stipulation hinders joint investment and limits the rights of Thais to invest with foreigners. This will destroy the atmosphere of joint investment.

3. The act prohibits foreigners from owning houses and enterprises. In the Chamber's view, those foreigners who have not received investment promotion will not have the right to own land regardless of how long they stay. This is one reason why they will try to avoid the law by buying land in various ways. Thus, the issue of land ownership by foreigners should be reviewed, particularly housing, such as condominiums and other forms of cooperative land ownership.

4. The draft act calls for criminal sanctions against those who try to help foreigners. This article is too broad and allows officials to make their own interpretations. This could cause problems for Thais who are honest. This article should be reviewed carefully in order to stipulate which acts are to be construed as aiding foreigners and, therefore, punishable by law.

Comment on Finance Minister's Interest Rate Order

42000129b Bangkok *THE NATION* in English
12 May 89 pp 13, 24

[Text] Criticism and mixed reaction greeted Finance Minister Pramual Sabhavas'u's announcement last week to float the interest rates on savings and fixed deposit accounts while maintaining the maximum lending rate, a move that has created extensive confusion in the banking industry.

Of particular concern are the big commercial banks, which will have to shoulder higher operating costs if the measure is to be put into effect. Bangkok Bank, for instance, is expected to lose some Bt2 billion in earnings in the event of a one percent interest rate rise.

The situation will be similar to other big banks, which have been locked in a fierce competition for the mobilization of deposits since the beginning of the year. Amid the confusion, foreign financial institutions have asked for explanation. One local banker said: "All I could do

was to explain that nothing has changed yet because the announcement of the minister will not take effect for the time being, pending further clarification from the Bank of Thailand."

Chavalit Thanachanan, the deputy central bank governor, said the central bank has yet to receive a formal directive from the Finance Ministry on the flotation of deposit rates, warning that the move could create a problem on savings accounts, which are tax-exempted and held by low-income group of people.

At present, a savings account enjoying an interest rate ceiling of 7.25 per cent is not subject to income tax assessment. But if the savings account is to be offered at a rate higher than the ceiling, it will be taxed, thus creating confusion to the system. However, the central bank can always issue an announcement to prevent this taxation from happening.

Pakorn Thavisin, president of the Thai Bankers' Association, said if the savings rate is to be raised, certainly there will be confusion. He said, most people will turn to deposit their money in savings accounts to avoid the income tax and to enjoy higher interest earnings, a situation that will make it difficult for commercial banks to plan their deposit mobilization strategy.

Manoch Kanchanachaya, chief executive officer of the First Bangkok City Bank, said his bank welcomes the move to allow the interest rates to rise beyond the current ceilings because it has been facing tough competition from other commercial banks, which have resorted to under-the-table tactic by offering interest rates higher than the level permitted under law.

He said the situation has resulted in the sharp drop of Bt1.4-Bt1.52 billion in First Bangkok City Bank's deposits. "If the government does not come up with any measure, the under-the-table tactic of giving higher interest rate payments will bring about far-reaching damage to the system afterward," Manoch warned.

He explained that the situation is not serious at present because of the sufficient liquidity in the system making it possible for banks to resort to interbank loans (amounting to Bt1.5 to Bt2 billion), foreign loans (Bt2-Bt4 billion) and the repurchase market (Bt1 billion) where bonds are traded for short-term funds. From the First Bangkok City Bank's preliminary estimate, it is found that the bank can sustain another 0.5 to 1 per cent in interest rate rise, depending on the period and amounts of fixed deposits.

But he indicated that rise of the deposit rates will put more pressure on the lending rates. For instance, if the deposit rate is to rise by 0.5 to 1 per cent, the borrowing rate against promissory notes could be flexibly adjusted by 0.25 per cent. Manoch said, commercial banks will raise the interest rates for project financing, industries or prime customers only as a last resort.

"But all of this is pure speculation. I really want the central bank to come out and explain the whole matter rather than allowing confusion to continue like this," he said.

Dr Supachai Panitchpakdi, executive advisor of the Thai Military Bank, said he supports the central bank's move to raise both the deposit and lending rates, which will help stabilize the economy because it will help create a system for long-term savings. The rationale is that the deposit rate rise will encourage more savings, while the increase in the lending rates will stem inflation.

Supachai warned that if the current credit growth continues unchecked, the inflation rate will reach 5 to 7 per cent, at which point it will be difficult for the government to pull it down again.

He said it will not be realistic to allow interest rate to rise only on the deposit side because the move will not amount to a full liberalization of the financial system, which will also result in the slowdown of business growth for some industries, particularly small-scale businesses.

Supachai suggested that the government should promote long-term savings for a minimum period of three years, which can be done through the introduction of new financial instruments. These instruments, he added, can be sold at a discount before interest rates are gradually floated.

Other analysts observed that the flotation of interest rates is not likely to change the face of competition in the banking industry. Loosely-structured commercial banks are expected to run into trouble before the interest rate flotation brings symmetry to the system.

Some argued that floating the interest rates at present will not do any good to the financial system, so far facing a tight money supply. The situation will deteriorate in the second half of the year when the supply is expected to get tightened.

Between January and March, mobilization of deposits among the banks was conducted like a head-hunting game. Officials of the banks went into the field to meet their potential clients and offered 0.5, 1 or 2 per cent higher than the ceilings. Some small banks even offered as high as 2 to 3 per cent above the ceiling for those who were willing to deposit Bt10 million with them.

The Lumpini Bank was reported to be a popular rendezvous where bank officials go to meet businessmen exercising there. Negotiations are made on the spot without any formalities.

Finance companies seem to be less concerned over the flotation of the interest rates, saying that the ceiling of their interest rates remain at a higher 13.5 per cent, in addition to lower operating cost. Viroj Nuankhair, managing director of Phatra Thanakit Co Ltd, asserted that

with smaller operations and more flexibility, finance companies can always move one step ahead of commercial banks in the war of interest rate adjustment, adding that their operating cost is about 0.3 per cent lower than that of commercial banks.

Reaction to Minister's Interest Rate Directive
42000129a Bangkok THE NATION in English
15 May 89 pp 13, 24

[Text] The banking and financial community yesterday remained at best confused and Bank of Thailand officials were also upset by the unprecedented announcement of Finance Minister Pramual Sabhavasut to abolish the ceiling for interest rate on deposit.

The minister exercised his political clout with absolute confidence, despite a last-minute objection from central bank Governor Kamchorn Sathirakul. He emerged to drop a bombshell on Wednesday that the ministry would allow savings and fixed deposit rates to float freely.

Pramual confirmed, when contacted by *The Nation* last night, that his announcement was clear that the deposit rates would be allowed to float freely and that he was considering additional measures to be announced shortly.

Asked whether the new policy would lead to cut-throat competition among banks and other financial institutions, Pramual said: "They are already at it. My policy is aimed at making them understand that more benefits should be given to depositors. In other countries, banks only make a margin of slightly over 1 per cent. I want them to understand how banking business should be conducted."

Asked how long the ceiling on lending rates could be maintained since the Bank of Thailand wants to see a higher ceiling to slow down the demand for credit and reduce inflationary pressure, the minister said the central bank's proposal was reasonable but he quickly added: "I'm not clear about the problems which (the central bank said) would occur".

"I believe that the Bank of Thailand should know what I'm trying to do. It is within my authority. It's time to switch jobs particularly when I'm in charge of the decision-making process," Pramual said in response to reports that central bank officials were dismayed by his interference.

Pramual said on Wednesday that the move, representing a radical departure in monetary policy, is aimed at bridging the gap between lending and deposit rates and intensifying the efforts to mobilize savings.

Immediately, questions were posed whether Thailand's net borrowing population and industries are ready for such a radical change. One question is whether the

financial community which, in reality, still has several second and third-rated banks and finance companies are ready for an expected all-out pricing war.

The announcement is a series of political expediency which Pramual has exercised over the Bank of Thailand's "independence." He earlier tried to influence the way in which ailing finance firms in the lifeboat scheme should be sold. In another case of a blunt political intervention, the minister announced that he would grant licences to more foreign banks to set up branches here.

Apparent of the prevailing overheated economy, the Bank of Thailand has proposed earlier that the ceilings for both the deposit and lending rates should be allowed to rise. The deposit rate ceiling should be permitted to increase at a higher rate than the lending rate ceiling.

The proposed formula would have involved raising the lending rate ceiling of commercial banks by 1 per cent to 16 per cent and deposit ceiling by another 1.5-1.75 per cent. The ceiling on interest rate on savings accounts should go up from 7.25 per cent to 9 per cent and fixed deposit ceiling rate from 9.5 per cent to 11 per cent. The ceiling rate for two-year fixed deposits should be fixed at 12 per cent to help mobilize long term savings.

Pramual's statement at the press conference contradicted an official press release of the Finance Ministry which merely said deposit rate ceiling would be permitted to rise. When pressed by reporters to make further clarifications, Pramual announced that a freely floating deposit rate system is to be introduced. "I want interest rates on deposits to move freely," he asserted.

The financial community remains perplexed about the new policy particularly when the Bank of Thailand's monetary policy has been overridden. The central bank's proposed formula has a clear objective: to promote savings and to slow down credit demand to prevent economic instability from overheated economy.

The central bank's decision to raise both lending and deposit ceiling rates reflected the fear of the runaway credit extension in excess of 25 per cent during the first four months of this year. The 25-per-cent level was to ~~be~~ as the danger zone but actual lending growth has reduced 28-29 per cent.

What lies behind Pramual's new policy is a matter of speculation beyond his insistence to promote savings and bridge the lending and deposit interest rate gap. The minister has regarded that the current nominal margin of 5.5 per cent between the ceilings for deposit and lending rates was too excessive.

"What has upset the central bank officials is the unprecedented political interference to undermine the Bank of Thailand's independent jurisdiction to dictate interest rate movements in line with the monetary policy," one source commented bitterly.

Senior central bank officials led by Kamchorn yesterday held an urgent meeting to review the situation but were unable to reach a clear conclusion. Should the central bank follow the minister's directive or act as an independent institution and make its unequivocal opposition clear to the minister.

"This kind of situation had happened in many countries including the United States where the thinking of the Federal Reserve chairman differs from the secretary of treasury. The crux of the issue is politics when the government would try to maintain the momentum of the economy and prevent interest rates from rising excessively," a source said.

He added that it was now up to the central bank governor to decide when he should announce the abolition of the deposit ceiling rate which would not cause negative repercussions on the cost of funds for banks and new competitive group which would surface; and at the same time, prevent an all-out dispute with the finance ministry.

The move would prove the "art of management" and the responsibility of the governor, he said.

Most bankers remained confused yesterday about the new policy directive put forth by Pramual. Bangkok Bank President Chatri Sophonpanich was startled at the announcement while expressing disbelief that the finance minister would abolish the deposit rate ceiling which, if real, consultation would have to be made first with banks.

He said the abolition of the ceiling would raise the operating cost of banks. He did not think that the floating deposit rates would attract more savings into the system particularly from the stock investment when the current average daily turnover on the stock exchange of Bt1.5 billion could not be considered as "excessive".

Chatri said the Finance Ministry should instead tackle problems at the "grassroots" to create long-term liquidity in the financial system such as the requirement for banks to make contribution to the Fund for Rehabilitation and Development of Financial Institutions and lowering the banks' compulsory holding of government bonds.

Piti Sitthi-Amnuay, senior executive vice president of Bangkok Bank, said that in the past under-the-table money would have to be given to deposits when competition for deposits intensified. The floating deposit rate system, on the other hand, would create "eternal war" on pricing among banks. He reiterated that Bangkok Bank

would compete up to the cost level which the bank could withstand and to emphasize services for which higher banking fees might have to be imposed.

Pakorn Thavisin, president of Thai Danu Bank as well as chairman of the Thai Bankers' Association, said news reports apparently showed that the TBA did not have a good image in the finance minister's eyes. "I have said that we would cooperate with the government over various policies. We ought to make clarifications with the minister about the image which (banks) have been portrayed. Banks are hated. I will have to try to convince him to love us more," he said.

Narong Sri Sa-an, senior executive vice president of Thai Farmers Bank, said the policy appeared to be a desire to see banks conduct business like other businesses in terms of the cost of operations and profitability.

Narong said he could not comment whether the abolition of the deposit rate ceiling would render positive or negative impact. He only said the time was not ripe to increase the deposit rates in the financial system because of the prevailing liquidity situation.

"I don't think banks would compete excessively (under the floating deposit rate system). I think we are mature enough to be aware of (the impacts)," he said.

The banker asserted that banks' net profit was only about 0.7 per cent of total assets and the nominal 3-4 per cent profit margin was illusive since banks also have to cover for nonperforming loans and loans at lower interest rates such as packing credit facility.

"But if the removal of the ceiling on deposit rates is true it would create adjustment in accordance with the reality," Narong said.

Some bankers saw a positive side. They said it would permit smaller banks and foreign bank branches in particular to mobilize more deposits and help with the development of other depository instruments with major financial institutions acting as leaders to set the benchmark on the various interest rates.

Industry Minister on Development, Investment Policies

42070092b Bangkok MATICHON in Thai
1 May 89 p 3

[Interview with Mr Banhan Sinlapacha, the Industry Minister: "A Review of the Role of the B.O.I. Is Underway in Deciding Which Industries Should Not Be Supported"]

[Excerpts] [MATICHON] Are the basic policies of the Industry Ministry carried out? [Banhan Sinlapacha] By distributing industry throughout the provinces as much as possible. If this policy is to be effective, it will need to include many inducements to influence, persuade and

build confidence in investors. We must recognize that investors generally come from the central region and that investors in the countryside are a fraction of what is needed. They need someone to lead the way. The government will help in the area of public utilities.

A continuing government policy which is very beneficial is that of setting up industrial settlements or areas which serve as industrial centers. The government has helped with various aspects of these settlements to the fullest extent. As vice-chairman of the Board of Investment (B.O.I.) I took part in dividing the industrial areas into areas 1, 2, and 3. Area 1 includes Bangkok and Samut Prakan and will not receive any advantages. Area 2 will receive 50 percent. Area 3 is the countryside and will receive 100 percent. In area 3 we will attempt to make important cities into industrial centers with the government providing the public utilities.

Now they are worried at Paettri that things will get out of hand and they will have nothing but factories. The Industry Ministry had to get involved and singled out three provinces, Chonburi Province, Chachoengsao Province, and Ayuttaya Province, where industrial areas in which individuals could invest and buy land for industrial settlements were to be set up. The Industrial Settlements Organization (K.N.O.) joined in this development, and it was placed under the supervision of the K.N.O.

The image of the K.N.O. is not what it is used to be when it had to invest and buy land; there was a problem regarding land purchases which had to be investigated. Later they eliminated this aspect, and the K.N.O. does not buy land; it has individuals buy land, and its function is supervision. [passage omitted]

[MATICHON] What about industrial development in the Northeast?

[Banhan Sinlapacha] I would like to paint a clear picture about that. In the future there will be a great deal of industrial development there. Nakhon Ratchasima Province will be an investment center. B.O.I. officials and officials from the Industry Ministry are providing support there. The Suranari Industrial Area is there. In the future we will turn it into an industrial export area for electronics and various components. The Department of Highways is improving the road from Nakhon Ratchasima to Kabinburi, and the Saimen Road will be completely improved so that it can carry goods to Phanatnikhom and then to Mabataphut and Laemchabang.

The port at Mabataphut should be able to handle 50,000-ton ships, but we can handle only 30,000-ton ships. Action must be taken so that it can be enlarged in the future; it is scheduled to receive 600,000-700,000 containers. I think that is low—the figure will be higher than that.

At Khon Kaen we have natural gas, which includes a great deal of methane. We could probably use it to make urea fertilizer and also have a paper mill. I think we are likely to have many more different kinds of agricultural industries if it is possible to reduce the lead in gasoline through the use of alcohol made from cassava; then factories are likely to be set up in Khon Kaen or Udon Thani, and there will probably be an industrial settlement set up to support them.

There are people ready to invest in them—one factory would require an investment of 500 to 600 million baht. But they would like to be certain of the government's policy so that when they are in production, people will have to use their alcohol. The oil refineries do not object to reducing the lead content, but there must be a definite policy because they will have to increase their investment 20 to 25 satang per liter which would amount to billions of baht.

[MATICHON] The policy for the development of petroleum or oil has been put into effect.

[Banhan Sinlapacha] We are now surveying for oil under the sea and on land, but the potential is quite small because our petroleum tax is now fixed at 12.5 percent of the total cost. The tax is the same no matter how much is discovered and so those who make a small discovery do not want to invest more because it is not worth it. There is a proposal to correct the petroleum law in the next Parliament so that if the discovery were small, the tax would be small and if the discovery were large, the tax would be large. This would increase oil production greatly.

We now produce 40 percent of our consumption of oil and natural gas. The rest must be imported. The Prime Minister wants us to produce more than half. I am certain that if this law is put into effect next year, we will definitely produce more than half of the crude oil and natural gas imported. [passage omitted]

[MATICHON] There are foreigners who accuse us of subsidizing exports. Should we reevaluate the role of the B.O.I.?

[Banhan Sinlapacha] This is a trade tactic. We do not destroy or disrupt their trade. It is an unfounded accusation. As for reevaluating the role of the B.O.I., that is being considered. It appears that some industries which should not receive assistance are being assisted by the B.O.I. Certain industries invest to set things up on their own; they do not need assistance, but we provide it nevertheless.

For example, everyone wanted to produce steel wire, and a large number of requests were submitted. When the Industry Ministry approved an expansion, they then rushed to ask for assistance from the B.O.I. I would also put on the brakes because the government had to give up a great deal of taxes, thousands and millions, and the

factories used the money for a great deal of investment, but steel wire is in short supply. If we want things to happen quickly, sometimes we may have to give some special advantages.

[MATICHON] In that case assistance should be given.

[Banhan Sinlapacha] We have not provided it yet because we know how much they want to produce it. The taxes amount to a great deal so we did not provide it. Moreover, sometimes the Finance Ministry objects.

[MATICHON] Do you think that limiting factories amounts to controlling industry?

[Banhan Sinlapacha] Actually there are two aspects to the Industry Ministry's role. The first is that we must control the various industries and factories no matter whether they produce fabric, carpets, or chemicals. Even if they have been closed down for many years, when the supply is insufficient, we reopen them. When the supply is too great, we close them and do not allow more to be set up because we fear that there will be too much competition which will cause a crisis and price cutting.

[MATICHON] What is the Industry Ministry's policy for state enterprises?

[Banhan Sinlapacha] There is very little policy. The Petroleum Authority of Thailand (P.T.Th.) is doing well; I do not get involved much there. I have already stated that the K.N.O. is doing well. If it were not doing well what I would do would be to change the board. That is what I supervise. We allow them independence in administration; other than that we probably could not do much. If we gave many orders in a short period, they would accuse the ministry of infringing on their work.

[MATICHON] Is it the trend for P.T.Th. to enter the securities market?

[Banhan Sinlapacha] P.T.Th. is not like other organizations. It is involved in the security of the country because the status of certain fuels is secret and may not be disclosed. For example, the various strategic oil stocks may not be disclosed. It is not like Thai Airways which is not a necessity—it is an ordinary state enterprise serving the public. There are still no companies affiliated with P.T.Th. which have entered the securities market. [passage omitted]

[MATICHON] What about the bids for the project to build the Mabataphut Port in Rayong Province?

[Banhan Sinlapacha] I have been helping the Hyundai Company of South Korea since the beginning. When the envelopes were opened, I was happy that they had offered the lowest bid. That would have been the end of the story except that in the last 7 days, there were reports that they had made caissons of the same design as they had proposed to build at the Laemchabang Port. The

company advising them said that it would not accept this technique and asked ministry officials to have Hyundai change it. The officials said they would, but at the K.N.O. board meeting there were two opposing views; one group said it could be changed, and the other said it could not.

The group which said it could not be changed cited the rule against opening the way for board members to act individually. They were not acting as a faction but wanted to act correctly; if they did not deliberate correctly, some group might accuse them of not following the rules.

Some board members said that if the minister wanted it changed, he could order it. I... (loud laughter, ha ha ha) did not dare to get involved. I ordered them to be as just as possible. They arrived at a decision along those lines.

The board members are from the Development Commission, the B.O.I., the Finance Ministry, the S.Ph.O. and five ports which I cannot recall. We cannot separate ourselves from the ministries. When Hyundai complained, I ordered a review, but the board maintained its position.

What should we do about this? I would have the power to control state enterprises only if the law for state enterprises were changed and the minister became chairman of the board. That would end the problem except that I fear there would be too much interference. We could arrange it so that I would have veto power but only according to resolutions of the Council of Ministers. The board would provide briefings. I would not have the power to approve.

General Sunthon Comments on Intellectual Property Rights

42070093c Bangkok *SIAM RAT* in Thai 25 Apr 89 p 3

[Excerpts] On 24 April Gen Chatichai Chunnawan, the Prime Minister, opened a seminar on military strategy as chairman. Gen Sunthon Khongsompong, the military chief of staff, made a statement welcoming those who had come to join in the seminar at the Regent Hotel in Sa-am District of Phet Buri Province from other countries which included Australia, the United States, The Philippines, Indonesia, Brunei, Japan, South Korea, Malaysia, and Singapore. [passage omitted]

In response to the question whether the new U.S. President would change the policy of military cooperation with Thailand, General Sunthon said that there probably would not be any changes in the area of reductions but there probably would be in the area of increases because the United States recognizes the importance of Thailand as a secure beachhead. "We must be careful in our foreign policy and not infringe on the domestic policies of other countries, for example, regarding the various

rights and copyrights, it is our national interest and also America's. Each must protect its own interests; what we agree on is that each should give up as little as possible".

As far as the matter of intense U.S. pressure in these matters are concerned, General Sunthon said that if one looks carefully one will see that there has been no pressure. There has been reciprocity. [passage omitted]

Adviser Pansak Discusses Policy Issues

42000129c Bangkok *THE NATION* in English
12 May 89 p 6

[Text] Prime Minister Chatchai Chunnawan's open door to Phnom Penh Premier Hun Sen may be an instance of his "personal diplomacy" but he is yet to convince all concerned of the wisdom of this reversal in Thai policy on Kampuchea.

Despite two meetings—in late January and last weekend—skeptics are still asking if there is a fair exchange between two prime ministers with unequal political clout.

Recognised by few outside the Soviet bloc, Mr Hun Sen is widely seen as having but gained by establishing a rapport with Gen Chatchai who, among other things, holds a bridge to the West and its much needed funds.

Gen Chatchai, by his hospitality to a prime minister seen to have survived only with the grace of Vietnamese "invaders," is regarded in dubious light by some of his hardline neighbours in ASEAN, China and certain allies in the West.

Indochina watchers are divided on Gen Chatchai's stance, the established school marked by distrust of Vietnam's intentions and hence unable to see reason in his slow of flexibility towards its protege. The prime minister's advisers, however, maintain that flexibility is the best option towards an early Kampuchean settlement which they stress is imperative to the country's well-being.

Thailand and other countries in Southeast Asia face "major issues" in the emergence of trading blocs among developed states and growing protectionism but cannot concentrate on tackling them so long as the Kampuchean conflict continues, says Pansak Vinyaratn, chairman of the Prime Minister's Policy Advisory Group.

Noting that the United States and Canada became a Free Trade Zone earlier this year, the European Community will become a single market in 1992 and Japan is effectively a "bloc on its own," he says Thailand simply has "no time to lose." The aim, he goes on, is "to resolve conflict in mainland Southeast Asia so that the region can negotiate with the U.S., the EC and Japan."

"We cannot conduct negotiations with them if the voices in Southeast Asia are dissonant. We don't want to speak with one voice, we want many voices in harmony, as in a choir, a Bach motet," he says. "If you don't have a trained ear, you think it (a Bach motet) is a jumble of voices. If you have a trained ear, it's beauty," he adds. Economically-dynamic Thailand "can't afford to have the conflict in Kampuchea continuing at this level... We want it reduced to a low-level conflict that doesn't threaten Thailand's military, political or economic interests."

In the adviser's view, there is no war as such in Kampuchea but continuing armed conflict between rival factions which Thailand wants brought under control so that there will be "less killing, less military operations. With the dynamism of the Thai economy, it is in Thailand's interest to help bring about a reduction of the conflict in Kampuchea in order to proceed to major issues," he said.

The facts of the situation persuaded Thailand to "participate in efforts towards a Kampuchean settlement in a more flexible manner, moving out of a partisan role to that of rapporteur, one who helps keep the dialogue going," he pointed out. Analysts said Thailand adopted the "partisan" role as part of the Peking-led objective to bring Vietnam's military defeat with the resistance forces of the Coalition Government of Democratic Kampuchea (CGDK).

The role—which brought Thailand under charges, persistently denied by military authorities, of being a conduit for Chinese arms to the Khmer Rouge—was dropped on the assessment that the Hanoi-backed Phnom Penh Government is in control of most of the country, the analysts added. Thailand's new "rapporteur" role "does not mean we act as a referee, or judge or one who keeps time," Mr Pansak says. "It means we have the right to clarify to one party what the other has said," he adds.

Thailand hears "reports" from both Mr Hun Sen and Kampuchean resistance leader Prince Norodom Sihanouk, Mr Pansak notes. "We just talk to Hun Sen. There was no formal reception. We have been receiving the three (CGDK) factions for so long," he adds.

But Thailand has no intention of intervening in the internal aspects of the Kampuchean problem, he points out. "I don't think any one wants to deal with the internal aspect... just as outsiders don't want to enter into a family dispute because they don't know all the facts. We have to deal with the external aspect for the security of Thailand," he affirms.

Citing security grounds, Prime Minister Chatchai called on the four Khmer factions to sign a ceasefire agreement in Thailand at the earliest possible date before Vietnam's pledged troop withdrawal by the end of September. "We

want a ceasefire so that Vietnam can prepare for withdrawal. A ceasefire agreement would be like a 'forward contract.' It is a practical procedure to prepare the Vietnamese to comply with their own promise," he says.

The purpose of the ceasefire call is "to induce the ending of the external situation, Vietnam's military personnel presence," he adds. Without a ceasefire agreement, Vietnam could cite fear of resistance attacks for not leaving Kampuchea, analysts note. But Khmer Rouge nominal leader Khieu Samphan has rejected the ceasefire proposal in a not unexpected development as acceptance would compromise his bargaining position.

A Kampuchean settlement would open up new business opportunities in Indochina under Prime Minister Chatchai's initiative to transform the three states "from a war zone to a trade zone." The possibilities include tourism, joint production of simple "low-tech" or consumer items, processing and planning of telecommunications, Mr Pansak noted.

But the adviser cautioned against any exploitative intentions, saying Southeast Asia as a whole—which includes Indochina and Burma—had suffered at the hands of colonialism. "It is essential that Thailand does not act as a neo-colonialist power exploiting Indochina... We must be able to mutually benefit from productive activities. That is the only way out... We must remember that these people didn't fight for independence in order for Thais to exploit them," he said.

Thailand should act "as a catalyst for change because we have more experience in management for productive activities," he added. The economic developments in Indochina are encouraging, with heavily-indebted Vietnam decentralising to adopt "a new form of capital management" and Phnom Penh, in one of the constitutional changes announced on April 30, allowing private enterprise.

But big business with Indochina seems as yet remote with a settlement on Kampuchean hardly a prospect for tomorrow, despite the continuing dialogue among Khmers. However, there is a new wave of hope and interest in the problem and if Prime Minister Chatchai's open door to Mr Hun Sen helps advance constructive dialogue between rival parties, it could only be for the better.

Pharmaceutical Technology Center Planned

42070092a Bangkok NAEON in Thai 29 Apr 89 p 5

[Text] Mr Phaetwawuti Thanetwarakun, President of the Thai Pharmaceutical Industry Association (T.P.M.A.) disclosed during the ceremony at the Thai Industrial Institute for signing the agreement for cooperation in setting up the Pharmaceutical Technology Center that Thai pharmaceutical production had problems of production technology. The President said that no real progress had been made and that there was a lack

of skilled production managers in selecting the proper ingredients and equipment. Mr Phan Itsarasena Na Ayuthaya, the President of the Thai Industrial Institute and Mr Bunak Saison, Dean of the Faculty of Pharmacology at Chulalongkon University, joined in signing the agreement.

Setting up this center will be the starting point for developing a real pharmaceutical industry. It will also be an industrial development center for ASEAN.

Mr Phaetwaiwuti said that this center would be the first in Thailand intended to encourage pharmaceutical production standards for the country. This will be accomplished through the cooperation of the Industrial Institute, Chulalongkon University and the Thai Pharmaceutical Industry Association. It will receive foreign assistance in equipment, industrial production experts, quality control and engineering as well as foreign scholarships and trips to observe pharmaceutical production abroad from the United Nations Industrial Development Organization (UNIDO) amounting to \$600,000 or 18 million baht during a period of 18 months. It is expected that this will be extended and that there will be a second program.

The center will be set up at the Faculty of Pharmacology at Chulalongkon University this year.

The purpose of the center is to encourage research and development in production and in quality control standards for pharmaceuticals so that the domestic pharmaceutical industry has standards and good production methods (G.M.P.) and so that there is technological development in the pharmaceutical industry. Its purpose is also to provide for the inspection of the equipment used by the pharmaceutical industry. This is an important step in preparing the domestic pharmaceutical industry for exporting in the future.

Unskilled Work Force Poses Problems for Investment

42070093b Bangkok NAEON in Thai 25 Apr 89 p 13

[Excerpts] [Passage omitted] Mr Somphong Wanapha, an economic advisor stationed at the Thai Embassy in Tokyo, said that Thailand's Board of Investment (B.O.I.) had changed its policy of encouraging Japanese industrial investment in Thailand for the next 3 years. This investment will be slowed down, and emphasis will be placed on improving our capabilities for supporting industry such as docks, telecommunications, land for industrial development, and skilled labor.

This is needed because in the past 3 years, 1986 through 1988, 649 investment projects have gushed in from Japan, which amount to an investment of 200 billion baht. There are expected to be another 200 projects this year. The result is that our support capabilities are very inadequate. [passage omitted]

There is something to be very concerned about, and that is the lack of mid-level labor or skilled labor especially engineers and programmers. Now a large number of investors are hiring labor from abroad to come here. This is very evident in the computer software industry and involves Indians especially. If this is allowed to continue skilled labor from abroad will take away more and more jobs from the Thai, and there will be a problem with the transference of technology.

Low Educational Levels Affect Work Force

42070093a Bangkok NAEON in Thai 25 Apr 89 p 5

[Unattributed report: "The Department of Labor Reports That 85 Percent of Thai Workers Have Not Completed More Than Elementary Education; the Educational Level Must Quickly Be Raised So That Workers Have the Necessary Job Skills"]

[Excerpt] Mrs Chanthra Pitrachat, the director of the Education Division of the Department of Labor reported that of the 25 million workers throughout the country 7.6 percent had received no education, 4.7 percent had not completed fourth grade in elementary education, 53.7 percent had completed fourth grade, 18.7 percent had completed all elementary education, 5.9 percent had completed the initial part of secondary education, 1.8 percent had completed all secondary education, 2.6 percent had completed vocational education, 2 percent had completed higher education, and other categories amounted to 0.6 percent.

This demonstrates that 85 percent of those working have not completed more than primary education or have received no education. The result is that the labor force is turning out to be unskilled and lacks the qualities needed for development. Their wages are low, their standard of living is low, and when they enter the job market, the opportunity for additional education is limited because of the time constraints of work.

Even though schools for adult education have opened, few workers have been educated there. It appears that only 14.68 percent of the people have the opportunity for education in the educational system outside the school despite government and private efforts. [passage omitted]

POLITICAL

Columnist Complains About Cadres' Unresponsive Stance

42090258 Hanoi *QUAN DOI NHAN DAN*
in Vietnamese 15 Apr 89 p 1

[Saturday Forum column by Ho Anh Thang: "Not Just To Listen..."]

[Text] In the last few years, to be correct, since the 6th Party Congress, the atmosphere of democracy was broadened. In socioeconomic life, as well as in everyday activities, the people were contacted and given broad information about many fields of activities at all levels from central to local. Their voices at public opinion forums, as well as at conferences and symposiums, were attentively heard by cadres at all leadership levels. Many mass resolutions aroused their interest and led to solutions. Here and there, in some socioeconomic fields, as well as in political and spiritual life, many cadres gradually became aware of the role of the masses and people. As a result, the leading cadres at all levels came closer to the masses and personally listened to their opinions and aspirations; many forms of keeping in touch with the masses and people were developed. Civilian, political, and party organs organized the so-called people's reception rooms and set up weekly and monthly schedules for such receptions.

We must say that for a short period of time, when the organs had the people's reception rooms, quite a few people were very hopeful. Many people considered these reception rooms a bridge to close the gap between cadres and the masses, between the party and the people. Quite a few felt that they could eventually talk directly with cadres and the party and present to them the worries, ill fortunes, and injustices created by the negative phenomena in society. No matter who they might be, rich and poor, children and grandchildren of such and such people, people felt that they were able to touch the pure air that was blowing toward all people.

In the first days after the people's reception rooms had just "appeared," cadres were found there exactly on schedule, at the specified time, to listen attentively to the masses' ideas. Almost all cadres seemed open-minded and truthful when they talked to the people.

Their behavior of being close to and concerned about the people seemed to carry this message, "You, brothers and sisters, do not be reluctant, feel free to suggest and contribute ideas and resolutions, for we are your servants...." With such an attitude on the part of cadres, the masses had confidence and each and every one of them did want to express his inner thoughts. It seemed that never before had anything like this happened—an ordinary citizen getting cadres to listen to him, being able to have a direct conversation with cadres, and so on.

But now, if somebody had a chance to go to a series of people's reception rooms, he would certainly see a worse situation. Almost all such rooms have become deserted places, with just a few people going there occasionally. Perhaps they were those people who had gone there several times and had obtained no results from those visits. We must add a few words here: That situation was the scene not only at the people's reception rooms in government and party organs but also in the lobbies of public opinion organs. Although newspaper headquarters are not "as empty as Ba Dinh Pagoda," the number of people going there "to do some business" seems to be 2-3 times smaller. We can explain this phenomenon by citing many reasons. But the first thing that can easily be noticed is the poor relationship between talking, listening, and doing: speakers can talk a lot, listeners listen a lot, but results are few. In reality, many people have noticed that in spite of repeated talking and being listened to, including having one's writing printed in the newspapers, many affairs remain "hung up." In organs, enterprises, factories, cooperatives, and so on, the negative aspects, which have not been reduced much, now wear a new face; many cases still remain after many years, in which they were either left unresolved or resolved superficially or as a matter of form. There were culprits in cases of commission of negative acts who remained free to continue their illegal activities and to defy public opinion because they had been overlooked by some "umbrella-like" authorities.

The lesson being learned is not to transform listening to and having conversations with the masses into a "fashion" in the movement for democratization. There are many ways to listen to people—listening for the sake of listening, listening as a way to comply with a rule, and listening because one must listen. These ways are useless ones. The true way to listen is to listen attentively, to listen in a careful and truthful manner, to listen in order to act, to resolve things totally, to come to clear-cut conclusions regarding what is correct and what is wrong, to determine responsibility in a clear-cut manner, and to handle things in an entirely strict and just manner. That is the really desirable way to listen to people.

Editorial on Importance of Worker Class in Renovation

42090250 Hanoi *TAP CHI QUOC PHONG TOAN DAN* in Vietnamese Feb 89 pp 3-7

[Editorial: "On the Occasion of the 59th Anniversary of the CPV (2 March 1930-2 March 1989)—The Worker Class Position on the Party's Renovating Task"]

[Text] The renovation that our party is undertaking, just as the reorganization and reforms in fraternal socialist countries, is raising many new issues in both domestic and foreign affairs, which makes cadres and party members think and worry about the communists' worker class position. These thoughts and worries are well founded because many things that have long been affirmed as signs of the proletarian position, revolutionary position,

and Marxist position now are considered backward and old-fashioned and will be considered conservative, stagnant, and even perhaps reactionary if they remain unchanged.

If we think in accordance with the Marxist-Leninist view and method, we will eventually come to this conclusion: *The worker class position, the most decisive and absolute revolutionary position today, is to renovate first of all the thinking and then all fields of activity of the party and state, as well as those of our army and people as a whole. That is a truly Marxist position, a return to Marxism-Leninism.* At the same time, we must affirm this: *To move toward socialism is the right road to take; to build socialist Vietnam is the ideal and the goal for the struggle of the party, people, and army as a whole; to renovate does not mean to change our goals, but to make these goals achievable in the forms and with the steps and measures that are more correct and effective. To renovate is really for the sake of socialism; in the renovating process, we must persistently aim at the direction of socialism.*

The worker class position is not abstract and stationary but rather something very positive and always developing. It is about our always relying on the law of society's objective development and on the actual historical conditions of reality in the social struggle, class struggle, national struggle, and struggle for man's existence to consider and resolve the problems that arise from the revolutionary struggle for the interests of the worker class and of socialism. On the road to revolutionary struggle, the vanguard parties always cut a path by and for themselves, find pioneer theories, and use these theories to lead the masses' revolutionary movement. They see the things that others have not yet seen; when necessary, they dare to disclaim the things that others do not dare to disclaim, including their own views, as Marx, Engels, and Lenin had done. Marxism-Leninism, the worker class's theoretical and ideological weapon, is the kind of revolutionary weapon that is full of vitality, for it correctly reflects the objective world in its ceaseless development. As the objective world changes and develops, the treasure of Marxist-Leninist theories must also be supplemented with new arguments that reflect this change, and aimed at reforming the objective world along the road of socialism and communism.

The world today, as we judge it in a generalized and systematic manner, has undergone great changes, which have the nature of a turning point for the entire mankind. The new era is posing for mankind as a whole, and for every nation, people, and social class, both common and individual questions that are totally different from previous ones. From different class positions and in different locations, each and every social class, nation, and people must resolve these questions and, on that basis, adjust their strategy, determine the order of priorities, and have appropriate positions and policies for the common and their own interests, and for their own development and the development of the entire planet Earth in the coming decades, mostly in the first decades

of the third millennium. Therefore, the question of renovation is raised for mankind as a whole, every nation and people, and both socialism and capitalism, naturally on the basis of different interests and different class positions.

Our party and we communists propose and lead the country's renovating task, in order to respond to the challenge of the era, and seize the historic opportunities that happen in the development of our nation today, in order to build the country and to defend the fatherland. It means to take the position of the worker class, the position of Marxism-Leninism, the position of socialism. To renovate in order to "have even more socialism"; to display even more the superiority of socialism; to overcome shortcomings, weaknesses, mistakes, conservatism, and stagnancy; and to continue moving forward the socialist revolution in Vietnam. And not to mix with capitalism, nor to follow the capitalist road.

The position of the worker class, the position of Marxism-Leninism, the position of socialism are by nature international. The proletarian international interests and the socialist international interests are not contrary to the national interests. The communists must themselves become national and fulfill the national tasks in conformity with international interests. Consequently, the position of the worker class, the positions of Marxism-Leninism, of socialism, and of the communists in different countries have different contents and manifestations. *The Vietnamese Communists must stand fast on the positions of the worker class, of Marxism-Leninism, and of socialism, which have been derived from Vietnam's actual conditions, in order to resolve the questions that are raised for the Vietnamese revolution in conformity with the situation in the region and in the world, for the interests of the Vietnamese people, and for their international obligation.*

The domestic and foreign policies of our party and state and the issues having to do with the building of socialism and the defense of the socialist fatherland in our country have many similarities in terms of their nature as compared to those in fraternal socialist countries, but there also are differences. In the international arena, countries having the same ideological system and the same social class position work together in close coordination, but they are not united as one. We do not demand that the fraternal countries do things as we do them, nor do we want to do things the way they do them. The creativity of each party and each country makes the strategy and tactics of the proletariat more flexible and greatly powerful. Socialism has things that held in common and serve as shared principles, but at the same time, because of the different location and role of each country, because of different conditions and situations, different traditions and history, and so on, each country takes the peculiar road it chooses. Socialism thus has more models and becomes richer. That really is the soul and true nature of Marxism-Leninism. The latter further proves that it is the "victorious banner in all battles" when the

communists currently review its outdated arguments and supplement their revolutionary ideology with many new additional ones so as to bring it to a new stage of development.

The resolutions of the 6th Party Congress and the Communist Party of Vietnam [CPV] Central Committee represent the renovation based on the positions of the worker class, of Marxism-Leninism, and of socialism. Naturally, many extremely complex questions are being raised in connection with the line and policies of our party and state, as well as in the actual activities of our sectors, echelons, localities, and units. Some questions have been affirmed, but many others are being studied. Even among the ones that have been affirmed, many are being tested and it is hard to judge in a hurry whether they are correct or not. *Renovation is a long process, full of difficulties and complicated matters.* We must test and retest them many times. To have both correct and incorrect elements is understandable. We cannot be impatient, simplistic, subjective, and easy.

However, in regard to renovation *in the field of socialist building*, we must always see the difference in nature between socialism and capitalism. We must underline the superiorities of socialism, which capitalism must also recognize and apply to itself. We must clearly see that the current limits of socialism do not come from its nature but are brought about by our own shortcomings and mistakes. Point out the contradictions and dilemmas of capitalism; distinguish the specific economic laws of capitalism from the common economic laws of social production, which all socioeconomic systems must obey. Distinguish the characteristics of capitalism from the things that result from the working people's struggle and that capitalism must accept so as to maintain its rule. Clearly see what is considered the dynamic and effective managerial experience of capitalism that we can apply to socialism. Avoid any extreme way of thinking that goes from one pole to another: from blindly praising socialism to totally abolishing it and finding it full of inferior things; from unscientifically criticizing capitalism to coloring it rose, worshipping it, and excessively praising it.

In all fields of socialist building there are similar questions regarding renovation and maintaining of principles. For instance, the relationships between plan and market, between individual interests and collective and all-people interests, and between, on the one hand, democracy, fairness, and openness, and on the other, centralized leadership and management and guarding against enemy opportunistic action. To fail to see new needs and new methods; to rely only on old principles, the old-fashioned manner of doing things, and an ineffective way of working; to fail to liberate the mind or see the good of liberating the productive power in order to increase society's material wealth and spiritual values as well as to stabilize and gradually improve the living conditions of working people—all these do not mean revolution and cannot be the position of the worker

class. On the contrary, if we go beyond set limits; let everything depend on the market; and worship individualism, extreme democracy, freedom beyond discipline, and so on, we will move ourselves away from the position of socialism.

In the field of defense of the fatherland, there also are many matters where dividing lines must be clearly marked. We must see the new factors of the era that directly affect national security. The fear of loss of security on the part of many countries today does not arise solely from military and political factors, but mainly from their economic failure. In the extremely quick and strong development of the scientific and technical revolution, the economic gap between advanced and backward countries and even among advanced countries is very great and is getting greater every day when there is no "renovation." Therefore, when we say we must renovate things, consolidate peace, and concentrate our energy on building the economy, strengthening foreign economic relations, and so on, we should not think that all this has nothing to do with the defense of our fatherland. This also creates a potential force for the benefit of national defense and creates favorable economic, political, and social factors, both domestic and international, for consolidating national defense and maintaining security. We must clearly see that the new trend in the struggle among forces in the world, the trend toward detente, toward using the formula of struggle through dialogue, cooperation, emulation, and contest in peaceful coexistence, is gradually replacing the formula of relying mainly on confrontation. We must avoid the danger of a nuclear war that will destroy the whole of mankind and in which there will be "no winner" at all!

Our country and our region are part of the common trend. A historic opportunity is being created. We must know how to take advantage of and gain peaceful conditions and have appropriate strategy and tactics, in order to consolidate peace, to remain vigilant, and to properly resolve the "hot points," for the purpose of stepping up economic construction. This does not involve only foreign policy, but also revolutionary strategy and national strategy, which conveys the meaning of very basic and lasting defense of our fatherland. In that strategy, naturally there must be strategic arrangement, adjustment of forces, and many related strategic and tactical measures.

The class struggle, or national struggle, thus does not decrease in intensity but rather continues and becomes more complicated and no less burning than before. We must see all of the characteristics of the struggle in our region; we must see the strategic views and policies and the military and political actions that our opponent has talked about, has taken, and is taking, without hiding them. Consequently, we must still remain vigilant and heighten our vigilance on a permanent basis, without any vague ideas and illusions. We always want peace, and the nature of socialism is peaceful. We have done a great

deal and will continue to raise high the banner of peace. But this does not depend solely on our will and work. The peace that we have in mind is the peace that is closely linked to independence and freedom. "Nothing is more precious than independence and freedom"—that is the position, principle, and sacred wish that President Ho Chi Minh, in the name of our party, people, and army as a whole, had solemnly declared to the world. We are doing our very best to create favorable conditions for making our country prosperous and our people strong, but not by sacrificing our independence and sovereignty. It is with this view that we learn to discern that the policy of consolidating peace and concentrating efforts on economic construction does not weaken our national defense. On the contrary, it increases our strength and ability to defend our fatherland, on the basis of an all-people national defense being built stronger every day in accordance with the military line and task that our party has set.

MILITARY

Report on Visit to Spratly Islands

Da Nam Island

42090279z Hanoi QUAN DOI NHAN DAN
in Vietnamese 22 May 89 p 2

[Article by Nguyen Dinh: "Meeting on Da Nam Island"]

[Excerpt] Editor's Note: At the end of April and beginning of May this year, army correspondent Nguyen Dinh accompanied other army reporters and entertainers to several islands of the Spratly Archipelago.

His lens promptly recorded images of study, labor and combat readiness on the floating and sunken islands. Especially moving were the amicable meetings between entertainers and soldiers, expressing the feelings and longing of the soldiers for their beloved mainland. These feelings assist them to stand firmly with weapons in hand to vigilantly protect the archipelago region, sacred territory of the fatherland. With these newspaper articles, I respectfully introduce to the readers the latest pictures of our soldiers on the Spratly Islands.

At 0800 on 22 April, the vessel HQ-613 delivered us to Da Nam Island, an atoll in the northern part of the Spratly Islands. From a distance, the island appeared imposing. On a sunken island, the people of Binh Tri Thien have erected a multistoried, well-built, secure, attractive, and beautiful building. In the middle of the vast ocean, the island symbolizes the character of Vietnamese men, resolutely and firmly protecting their sacred territory. Arriving at the island, we were extremely moved by the words on the encircling wall: For today, for tomorrow, for forever! We further understood the love of these men for the island and the flesh and blood attachment between those who are night and day confronting waves, wind, and storm in their imposing island residence.

The commander of Da Nam Island is a robust youth from Thanh Hoa—Captain Nguyen Huu Gioi. He informed us that the men on the island are from many different regions but together form a strong bloc, considering the island their home and everyone as brothers of the same family sharing the pleasant, difficult, happy, and sad with each other. [passage omitted]

Len Dao Island

Hanoi QUAN DOI NHAN DAN in Vietnamese
24 May 89 p 2

Article by Nguyen Dinh: "Men Building Len Dao Island"]

[Excerpts] It was only 0500 but we could see from our ship the cadres and men of Len Dao Island diligently working on the island construction site. They were truly moving mountains to fill in the sea. Only on this visit to the work site did we learn they were raising a sunken island—a truly miraculous task. Rocks are brought in by boat from a ship and are offloaded and stacked up to gradually raise the island. [passage omitted]

At this time, the work to raise the island is continuing. Island Commander Nguyen Van Nam stated that many units are contributing to the island construction: engineer unit 131, cadres and students from the naval technical command officer's school, and many other forces. According to the plan, a number of localities will be coming out to help. Nam said the men were waiting eagerly and would be extremely happy if additional volunteer construction units came from provinces such as those previously from Binh Tri Thien, Nghia Binh, Phu Khanh, Quang Nam-Da Nang, etc.

Sand Cay Island

Hanoi QUAN DOI NHAN DAN in Vietnamese
29 May 89 p 2

Article by Nguyen Dinh: "Son Ca [Sand Cay] More Beautiful Each Day"]

[Text] Sand Cay has always been a beautiful island, from its name to the natural scenery on the island. It has many green trees: phong ba, bang vuong and beefwood. This is something very much desired on other islands. Our soldiers here have an extremely strong tree planting movement so the island is becoming steadily greener.

Most beautiful of all are the projects on the island: along the main road on the island are strongly constructed and beautiful buildings. Others are presently under construction. I was able to meet the engineers working on these projects. Commanding the engineer unit is Senior Captain Trinh Xuan Khanh who has been on the island 10 years. Only by watching the men carry rock to build the island structures did I further understand the strength of their bare shoulders. Everything depends on their shoulders: carrying rice, goods, rock, fresh water, etc., thousands and tens of thousands of tons. The men are bare

from the waist up and many go barefoot on the coral so I asked if they were short of clothing. They said they were supplied a full allowance of clothing but it quickly becomes tattered on the island. A number suggested they be equipped with shoulder pads. Shoes for the men are also a great necessity because they usually wear out ahead of time.

Members of the army entertainment group set aside part of their time to mend clothes for the soldiers. A familiar picture in the Truong Son mountains, on all the battlefields, etc., but still extremely moving. Truly our men in the Spratly Islands have never demanded special privileges or interests but care for the lives of the men on the islands, and concern for their food, clothing, and housing at a relative level are the responsibility of the army and of the entire nation.

Namyit Island

Hanoi QUAN DOI NHAN DAN in Vietnamese
30 May 89 p 2

[Article by Nguyen Dinh: "Return to Nam Yet [Namyit]"]

[Text] I visited Namyit in 1981 so I felt this time I was returning to a familiar plot of ground to which I had become closely attached and loved. I saw that Namyit had changed quite a bit from the period 8 years ago: the island now has a pier and shipment of cargo to the island is not so difficult as it was several years ago. The island resembles a small and attractive town. Buildings and projects on the island have been newly constructed according to plan and look extremely orderly and neat. Each row of buildings on the island has a freshwater well and even an underground and floating reservoir. Recalling several years ago, fresh water was always a concern of the men.

I did not meet any of the cadres and men I knew in 1981. On the island now are many young cadres and men. Coming out to the island for a short time, they are busy hauling supplies, meeting visitors, reporting the situation, etc., and I made efforts to have time to visit and talk with these island masters. They were from many different places and asked many questions about the situation and employment on the mainland. Regrettably, they are short of equipment and their communications are rare and slow although everyone longed for a detailed and thorough understanding of their homes and families. The deputy island commander in charge of politics, Tran Duc Chinh, tried to the end to have us "entertain" the entire island with an afternoon of reporting the situation in the most complete and rich manner.

After busy and intense moments, the girls in our group were able to explore the island and take pictures with the men. It is difficult to tell Namyit from the beaches of Do Son or Vung Tau. It is truly pleasant when on the beach of Namyit Island, there are enthusiastic long dresses alongside the sailors.

Group S31 Improves Recruit Training 42090280 Hanoi QUAN DOI NHAN DAN in Vietnamese 1 May 89 p 2

[Article by Pham Minh Chau: "Unifying Methods of Educating, Managing New Soldiers"]

[Text] In a conference to gain experience on the education and management of new soldiers of T Corps (binh doan), we noted the prominence of many complex problems. It is necessary first of all to recognize that the class of new soldiers received by the corps this year was of low quality, nearly all of them uneducated and unprepared in ideological aspects prior to enlistment. Because impressions of the old military service and military school systems were still fairly heavy among the people and youths in the southern provinces, they considered recruitment like the previous military conscription and therefore sought to evade. From this erroneous concept, the number of deserters during the first days reached 7 percent. Those remaining in the unit were anxious and not truly serenely or conscientiously beginning the life of a soldier. Faced with such a situation, the unit did not introduce the troops to immediate training but implemented methods of education, management and swift introduction to procedure.

We arrived at Group S31 after the new soldiers had been in the unit for 3 weeks and had been in training for more than a week. We were surprised by the changes in the soldiers and the fairly enthusiastic air both in and outside the class. In the 16th Battalion, Commander Le Tu Thuyet said that the entire unit had fully achieved 11 systems of the daily regimen. The new soldiers have been conscientious in study, managed each other and of special interest, a fairly heated emulation movement has appeared between squads and platoons with occasional strong competition, especially in the achievement meets between squads.

Why had such a rapid change occurred? When I asked this question, the group commander, Colonel Do Cong Mui explained, "The chaotic situation and desertion of the new soldiers during their first days in the unit were caused by lack of a full understanding of our army, the military obligation law, and the systems of daily activity and study of soldiers. Not only that, they still had an erroneous understanding of these things and therefore had a worried state of mind and gradually came to avoiding their mission. Correctly ascertaining the anxieties and worries of the soldiers, the Group S31 leadership and command set forth a number of specific themes and measures in troop education and management with an objective of creating confidence among the soldiers, allowing them to conscientiously engage in study and training.

Among the measures with which Group S31 implemented and achieved results was resolving the relationship between education and management. The men were educated in a proper concept to create conditions for

acceptance of management methods but at the same time, troop measures had to be unified with educational themes. For example, while teaching the nature of army traditions, the group gave extreme attention to traditions involving solidarity between the army and the people, internal unit solidarity and the relationships between upper and lower echelons and between cadres and soldiers; and the daily troop management measures of the cadres must express these fine traditions. Only in this manner can the new soldiers trust in the words and actions of the cadres. In accordance with this course, Group S31 created an atmosphere of true democracy. To this time, the soldiers and even their visiting relatives have noted that the army is a good school for youths. An old man showed me a table of "10 forbidden things" that the unit had openly posted right in the reception area and stated, "Observing these things, we feel completely at ease sending our sons to the command levels here." Among the 10 forbidden things that cannot be violated are: every form of punishment contrary to army regulations is forbidden; cadres are forbidden to accept gifts from the soldiers; forcing soldiers to work contrary to regulations is forbidden; soldiers are forbidden to gamble, drink alcohol, grow long hair and mustaches, etc.

While educating the new soldiers on the military obligation law, besides themes clearly designating the responsibility of youths to protect the fatherland, and the honor and responsibility of soldiers, Group S31 has also educated the men in a clear understanding of the standards of enlistment deferment and military obligation exception, allowing them to examine their relationship and see whether or not they fall within that category, and if so, to attain local confirmation for resolution by the group. Also through such an open and frank manner, the men afterwards were able to self-define their responsibility and feel peace of mind in fulfilling their obligations.

When the situation had become relatively stable and the procedures of daily activity had been established, the leadership and command of Group 31 boldly applied a method of leave awards for those soldiers with a good concept of training and study. After the first week of training, the group permitted 50 men to visit their families on Sunday. The results were that 100 percent of the men returned to their unit by precisely the stipulated time. However, more important was that this method created an extremely enthusiastic emulation movement between units in which the men conscientiously reminded each other to keep their squad from having anyone violate discipline or desert, and that every system of daily activity and study must be maintained in the best manner. During a rest period, I exchanged opinions with the soldiers in the 16th Battalion and learned that at this time, they have become familiar with army life, established a spirit of partnership, have confidence in the cadres, and no longer have the psychology that the cadres are all from the north and have no sympathy for soldiers from the southern or central provinces. The anxieties and worries of the soldiers no

longer exist, and if anything remains unclear, they can meet with and present it to the cadres, including the unit commander.

From building a feeling of attachment with the unit, a new concern appeared among the men: the concern that after their training, the new soldiers would be unable to remain with Unit S31 but must go to another unit. This concern partially affirms the group's success in troop education and management. As for the men, the unit affirmed that even though they leave Group S31 for any other unit of T Corps, they will still receive the same full concern and will have the same unit partnership as in S31 at the present time.

Navy To Defend Vietnamese Sovereignty in South China Sea

42090251 Hanoi TAP CHI QUOC PHONG TOAN
DAN in Vietnamese Feb 89 pp 8-13

[Article by Admiral Giap Van Cuong: "The People's Navy and the Task of Defending Vietnam's Sovereignty in the South China Sea"]

[Excerpt] [Passage omitted] Vietnam's part of the South China Sea is also a sea zone that imperialist countries and international reactionaries are striving to control and to seize for themselves. The South China Sea is very attractive for imperialism and expansionism. First of all, it contains many strategic resources with significant deposits, such as oil, gas, coal, rare minerals, and so on, along with sources of abundant and varied sea products, including rare and precious kinds, such as pearls, tortoise shells, and coral. It is a very convenient navigational route leading to almost all countries and peoples in densely populated and wealthy Southeast Asia, where it is possible to invest capital for large-scale business and where labor is cheap. It is the route that links the Pacific Ocean to the Indian Ocean through the straits of Bashi and Malacca. It has many peninsulas, islands, archipelagoes, and bays that are very important for navigation and very convenient for developing a sea resources-extraction industry. In the military field, it serves particularly as a nearby route and springboard for aggressive attacks, intimidation, blockades, and sabotage against the countries of Southeast Asia.

It is just because of its strategic importance, both regional and global, that the South China Sea has become a place of fierce and bitter dispute and confrontation among countries having sovereignty in the region, with the great aggressive powers coming from the North and the West and from among the imperialist countries in the fight for colonies, markets, and resources in the Southeast Asian region. Modern history has witnessed the great powers measuring swords in the South China Sea: Japan and Russia in 1905; Japan and China, 1937-1945; and Japan and Britain-the United States, 1939-1945. In the aggressive war against Vietnam, Laos, and

Cambodia in 1960-1975, the U.S. 7th Fleet totally controlled the South China Sea in order to have a springboard and supply route for attacks on those countries.

We believe the world's progressive people have not forgotten that in January 1974 China used military force to seize the Paracel Islands and that early in 1988 it used a large naval force to attack and seize six underwater rocky strips that are part of the Spratly Islands—both island groups having long been under Vietnam's sovereignty. Those were not unintentional acts on the part of the present rulers of China. They are part of their basic and long-term scheme aimed at seizing the South China Sea for themselves alone, disregarding the sovereignty of other countries, and extending the PRC's "strategic border" throughout Southeast Asia, where they think they have enough strength to carry it out.

The above-mentioned situation has seriously violated and threatened the sovereignty of the Socialist Republic of Vietnam [SRV] over the Paracel and Spratly Islands in particular, and its territorial sea and exclusive economic zone, in general.

In such a situation, our army and people resolutely and persistently defend the sovereignty of the nation and the territorial integrity of our fatherland in connection with the South China Sea and Paracel and Spratly Islands against any aggressive and expansionist acts. In conformity with the love of peace and good will of the Vietnamese people, with the new political thinking about peaceful coexistence relations, friendship, and cooperation among nations and peoples, our party and state have tried and want to defend our sovereignty and territorial integrity in the South China Sea and the groups of islands by means of dialogue, political solutions, and peaceful negotiations. This course of action was pursued in unity and with persistence by the SRV in the last decades, when many places on the land border and in the sea had been seized and violated, and when the Paracel Islands had been illegally attacked and seized. However, China's acts of aggression by means of military force since the beginning of 1988, especially the serious event taking place in March 1988 in the area of the Spratly Islands, have shown that to achieve the defense of our sovereignty by means of dialogue, political solutions, and peaceful negotiations does not depend solely on the Vietnamese state. Furthermore, the Chinese rulers earlier declared that "the southern gate of the nation (China) is the Strait of Malacca," which provides access to the Indian Ocean, and that the sea as a source of "existence for generations (of Chinese) to come absolutely cannot be underestimated."(!)

The sovereignty of the state of Vietnam over its territorial sea, exclusive economic zone, and continental shelf in the South China Sea in general, and over the Paracel and Spratly Islands in particular, is a traditional and age-old one supported by historical and geographical arguments, as well as by an internationally recognized legal base. In the above-mentioned situation, to defend

the sovereignty of the state of Vietnam over the South China Sea and the Paracel and Spratly Islands is the obligation of every Vietnamese citizen, an urgent and lasting task of our army and people, and an extremely important task in the socialist construction and defense of our socialist fatherland.

The resolution of the 6th National Congress of Delegates of the CPV had this to say: "Let us strengthen organizing the defense of our sovereignty and safeguarding our borders, air space, waters, and islands." Our party has thus suggested the new requirements in the task of defending the independent socialist Vietnamese fatherland, *with the background of a region now considered hot, consisting of the struggle against expansionist, aggressive, and destructive plots between independent nations on the one hand, and imperialism, expansionism, as well as reactionary forces on the other; the fight among the great powers for influence; and the situation of the world in which there are both a development of the trend toward dialogue, cooperation, and peaceful coexistence among countries and nations for the purpose of protecting the common house from nuclear calamity, and an actual decisive struggle between national independence, socialism, and defense of the peace, on the one hand, and on the other, adversary forces.*

To defend our sovereignty in the South China Sea is to defend the state of Vietnam's basic economic, national defense, and security interests. It is the task of all our party, people, and army. **The people's Navy is playing the hardcore role in fulfilling the sacred, proud, and extremely difficult and complicated task mentioned above.**

As everybody knows, the territorial sea, exclusive economic zone, and continental shelf coming under the sovereignty of the state of Vietnam are a vital part of the South China Sea that is closely linked to the north-south coastline of our country. To defend our sovereignty in this sea zone is first of all to protect the resources on the islands, on the sea, in the water and on the bottom of the sea, and on the continental shelf; to protect the safety and right to work peacefully to extract all resources and to transport people and means on and in the sea and in the air; and to protect the right of the state and people of Vietnam to conduct scientific researches and to build any structures we want. To defend the sovereignty of the SRV in the South China Sea also consists of the task of consolidating national defense and maintaining security on the sea; discovering and preventing in time acts violating our sovereignty and economic interests, intelligence, and espionage of the enemy clique; thwarting its aggressive attacks and acts of sabotage and infiltration; and arresting and tracking down sea pirates, saboteurs, criminals, smugglers, and so on.

In order to play its hardcore role while fulfilling the above tasks, **the people's Navy must make utmost efforts and develop its new strength, both quantitative and qualitative, with the quality of its strength being the main interest.**

First of all, our naval cadres and combatants, in the new situation of the country and the region, with the common world background today, must have *new political thinking, a new concept* in regard to the function and task of defending the sovereignty of the socialist Vietnamese fatherland in the South China Sea in particular, and defending the SRV in general. The task of defending the sovereignty of the state of Vietnam in a territorial area three times as large as the country's land area has led to a new concept regarding defending our fatherland—defending the sovereignty and territorial integrity, as well as the basic interests of Vietnam in inland areas, in the airspace, in the waters, and on the continental shelf and islands—which was not fully reflected in the past wars of liberation nor adopted in a uniform manner.

The new awareness regarding the task of defending our sovereignty in the South China Sea is a profound recognition of the relationships between this urgent task and the leading task of the party and people as a whole, namely, to build and develop the economy; to resolve the difficulties, the bitter contradictions in the economic and sociopolitical situation, for the purpose of stabilizing and gradually improving the standard of living; and to strengthen national defense and security throughout the country. Also to fight extreme, one-way manifestations. It is also to correctly recognize the role of the South China Sea in the existence and development of the state and people of Vietnam, in both the long and the short term.

The people's Navy, more than ever, must now equip itself with a *system of modern scientific knowledge of the sea and ocean, first of all of the South China Sea*. This is the knowledge of geological, topographical, and geographical formation and structure of the South China Sea, of its islands and groups of islands, ecological environment, climate, and hydrography; as well as the relationships in these aspects between the South China Sea and the seas and continents surrounding it. We must particularly understand the law of the sea, as well as the principles and foreign policies of our state and the international law of the sea, in order to defend our sovereignty in accordance with the law and on the basis of respect for international law.

What is no less important for fulfilling the Navy's tasks is to know very well the areas where national strategic resources exist and the economic areas and areas of foreign economic cooperation so as to protect Vietnam's economic interests and properties in the South China Sea.

To study and creatively apply modern military science and technology on the sea in conformity with our national traditions, economy, environmental characteristics, and combat objectives is also an urgent need for the people's Navy as it fulfills its tasks. To do so, we must review in a serious and realistic manner the experiences that our army and people have drawn from the people's war against the aggressive war in the south and against

the war of destruction waged by American air and naval forces in the north, from strategic north-south transportation, and from the recent fight to defend the Spratly Islands. Our ancestors also left behind a valuable legacy, namely, the activities of the Dai Viet naval force in the wars for national defense, including the activities aimed at defending our sovereignty over the Paracel and Spratly Islands in different periods in the past, which the people's Navy must study. We must study new developments in the positions and policies of our party and state on national defense and on preparing the country and the armed forces for the people's war for defense of our fatherland, and learn from the fraternal countries and from the world modern military scientific and technical knowledge, which are the serious road for the people's Navy to take while it builds sea-related military science and technology. All such knowledges are aimed at gradually building the sea-related military science and technology to be used in the people's war for defense of the socialist Vietnamese fatherland.

To perfect the organization and to raise the fighting capacity of the people's Navy is the necessary road to take in order to respond to the role, functions, and tasks of the Navy today. In the long run, the people's Navy, a branch of the Vietnamese People's Army (VPA), in compliance with the 6th Party Congress resolution, must be built into a regular modern branch, a people's naval force capable of being the master of a large and vital sea area under the sovereignty of the state of Vietnam and linked to the entire length of our land. This means that the people's Navy must gradually build all of the basic combat components, such as surface ship and submarine force, airborne force, marine force, and units assigned to defend bases, islands, and groups of islands.

In order to conform to the urgent task and the country's economic and scientific and technological potential today, first of all we must *concentrate on perfecting the organization of naval forces in the key and important sea areas, islands, and coastal areas*.

Another matter that is no less important is *to study and define the people's Navy's methods of operation and combat in sea areas and groups of islands* in the South China Sea, first of all in the more important and vital ones.

The strength of the people's Navy is closely linked to that of other branches and services, of the people's armed forces as a whole, and of the entire country, but more directly to that of the coastal military regions and localities. Under the centralized and unified leadership and command of the Council of Ministers and Ministry of National Defense, the people's Navy must actively unite its efforts in order to reach a positive plan for mobilizing its forces and putting to effective use the material resources and the material and technical means provided as assistance by the military regions, provinces, and municipalities while it fulfills its tasks. We are sure that on the basis of the obligation and responsibility for

defending our fatherland in general and defending Vietnam's sovereignty in the South China Sea and over the Paracel and Spratly Islands in particular, all party committee echelons, administrations, sectors, and people in provinces and municipalities will participate in and help the Navy to fulfill its tasks. The important question is to mobilize the forces and material resources in localities and military regions and to assist the people's Navy in fulfilling its tasks, which must be made official in regulations and in plans drafted in advance and approved by the Council of Ministers. This is also a step toward regularizing the armed forces and modernizing the mobilizing task in the defense of the socialist Vietnamese fatherland.

Reader Complains About Troops' Living Conditions

42090259a Hanoi QUAN DOI NHAN DAN
in Vietnamese 17 Apr 89 p 9

[Text] The living conditions of our troops presently are very difficult, particularly in the case of front-line units. We have been in the military organ of Hoa An District (Cao Bang Province) since April 1988. Military Region 1 has ordered a cut of 2 kilograms of rice per month per person for an unspecified length of time. Consequently, the 2-kilogram cut from the grain ration (18 kilograms) that was already low makes it even harder for us to have rice now, which is too little to begin with, when we go on a mission somewhere in our locality.

About food, since the beginning of 1988, we have been supplied mainly with dried fish and shrimp paste. Particularly in the beginning of the fourth quarter of 1988, our superiors sold us dried fish in unusually large quantities, which we were compelled to absorb, with each and every cadre on monthly pay having to buy 13 kilograms. The rest of the fish was given to the unit's kitchen to serve at meals, which we have been eating since October 1988 until now. As to meat, once in a while we were supplied with meat, all frozen, at an average of 4-6 kilograms per person, which could not be kept long, hence, we had to divide it among ourselves and eat it in a few days. After that we had no meat for 3-4 months. The unit's meals have been repeated that way, as a "refrain."

As for cash, our superiors said it had been put into goods. Since December 1988 (3 consecutive months), our wages and allowances were held back in their entirety because we were told we already received the goods (dried fish and frozen meat). In spite of additional production, the standard of living of unit members has not improved much. We would like to propose the following in order to reduce difficulties for the unit and to ensure a decent living for cadres and troops:

1. The Rear Service General Department of the Ministry of National Defense should consider an adjustment in monthly grain rations for eligible cadres and troops by

raising it from 18 to 20 kilograms. And we propose that Military Region 1 restore the grain ration cut of 2 kilograms per month per person that it ordered.

2. Now that we no longer have state subsidies, our unit needs more cash than goods; therefore, the military supply sector should consider the quantities of food we need each month and avoid supplying us with too much of an item, particularly dried fish and shrimp paste. About pork, try to have canned meat for the unit so that it can store it and let troops eat pork over a long period of time.

3. The superior financial authorities should be concerned about giving cash to our unit on time and in the right amounts, according to official standards, particularly monthly wages, allowances, and meal costs.

Use of Draftees in Economy-Building Units Discussed

42090259b Hanoi QUAN DOI NHAN DAN
in Vietnamese 17 Apr 89 p 3

[Ideas-Opinions column by Quang Dau: "Draftees in Economy-Building Units"]

[Text] At least 50-60 percent of the labor force of units specializing in economic building in the past had been troops serving in the army as draftees fulfilling their military obligation. There was an unbroken cycle of rotation, which was a continuity kept in turn by troops—old workers nearing the end of their draft period and new recruits, workers starting a new occupation. The reality of the last 10 years, the time in which we had units specializing in economic building, confirmed their considerable contributions to the national economy, particularly the pioneering role of those who "blaze new trails" in the country's remote areas.

In the present stage, when we abolish state subsidies and adopt full accounting, there are people who suggest that we use no draftees in units specializing in economic building, but only workers and civil servants from the National Defense Ministry, along with people recruited on contract on the spot. The reason is the new recruits in the army do not have skills and, by the time they have learned some skills, they will be out of the army and state subsidies given to them will be very costly. We do not totally reject this argument, but if we rigidly keep all draftees, some of whom may provide technical and general labor, out of all economy-building units, we are not reasonable and realistic at all. First of all, we have to recognize the fact that the work in units that are doing such work as building bridges and roads, doing capital construction work, engaging in agriculture and forestry, mining, and so on, does not require complicated technical knowledge. Although draftees at the time of joining the army do not have occupational skills, they will be able to acquire new knowledge and become real workers since they are young and healthy and have specific cultural backgrounds. The question is: In addition to

draftees, what is the right percentage of national defense workers and civil servants necessary to provide them with occupational support. What we need to emphasize here is the fact that army units, compared to state units doing the same occupational work, are more mobile, have strict discipline, and are not attached to any cumbersome rear area. Therefore, it is not surprising that almost all army units usually accept difficult projects in remote locations requiring quick development and early completion. In the present situation, with invested capital in short supply in many projects, and jobs unavailable in many localities, if army units do not take advantage of the above-mentioned strengths, they will find it very difficult in the more favorable locations (as in the delta and cities) to carry out "easy" projects while competing with more experienced and more skilled state units that have plenty of construction equipment.

As for those who think that to use draftees will not be profitable, due to "plentiful and available like river water and soldiers' labor," their thinking is certainly old-fashioned. At the present time and in the future, any units given the right to do business on their own by maintaining a balance and making payment by themselves must know how to use their labor force in the most profitable manner. It is obvious that state subsidies granted to soldiers will be reduced further every day. (Many units have by now included all expenses for their soldiers in costs and have begun to make profits.) Naturally, we must have an important condition going along with it: The state and the army must quickly adopt new, appropriate, and timely policies, abolish the old regulations that are more demanding, and create favorable conditions for economy-building units with draftees as their principal components to fully develop their strengths. Even in these units, the elementary and advanced training and political and ideological education offered to the men must be different in many aspects from those offered to members of combat-ready units.

And let us think of another hypothetical "bad" situation: an economy-building unit in a very remote location failing to make any profits in the early days of its doing productive work and business by itself and actually suffering losses. However, the fact that the unit has established itself as a sound business unit and has laid the first economic base for socialism in that location is a real victory.

ECONOMIC

Article Reviews Joint Soviet Trade in 1988

42090267a Hanoi KINH TE DOI NGOAI
in Vietnamese 15 Apr 89 p 1

[Text] In the past year, the goods exchange and economic cooperation relations between our country and the Soviet Union obtained fine results.

On our part, the total export of goods based on the USSR-Vietnam Protocol amounted to 316.6 million rubles, or 78.9 percent of the total mentioned in the protocol and 86 percent of that specified in contracts. Compared to 1987 the 1988 export figure showed an increase of 15.1 percent, with the goods exported for use in trade stores amounting to 250 million rubles; produce, coffee, tea, and coconut oil exported in compliance with cooperation agreements, 45.6 million rubles; and payment of old debts, 21 million rubles. In order to properly fulfill the obligation to deliver goods to the friendly country, our production and business organizations, both central and local, had been showing a sense of responsibility and utmost efforts as they strived to reach the highest export values. As to the important goods which we were unable to deliver to our friend in the full quantities that had been ordered because of our lack of suppliers and limited producing capacity, we took the initiative to discuss with them about replacing such items with other goods. For instance, we increased the quantities of peanut to replace soybean, or delivered floor planks and towels and knit materials in the place of veneering and ready-made clothing, respectively, the latter because of a shortage of cotton. Generally speaking, in 1988 many important items, such as coffee, shelled peanut, floor planks, cinnamon, and so on, were delivered in 100 percent of the quantities specified in contracts with the Soviet Union; in the case of others, we exceeded the specified quantities, for instance, cotton yarn 107.9 percent and tea 106.7 percent. Other items like soybean, rubber, wool rugs, and jute fibers were delivered in quantities 80 percent or higher.

On the Soviet part, in 1988 the goods of various kinds exported to us amounted to 1,163 million rubles, with the goods for trade stores accounting for 1,100 million rubles and the items exported in compliance with cooperation agreements, 63 million rubles. The Soviets thus fulfilled 91.9 percent of their obligation as specified in the protocol and 96.5 percent, in contracts. Deliveries by our friend were generally good, with many items considered important for Vietnam being ensured by the Soviet Union in terms of quantities and time of delivery. The principal items that the Soviet Union exported to Vietnam in the past year were: 2,503,000 tons of gasoline and oil, 938,000 tons of chemical fertilizers, 410,000 tons of sheet steel, 2,812 trucks, and 585 tractors.

The above-mentioned results prove the efforts of both Vietnam and the Soviet Union in trading goods and are a sign of their fraternal friendship and mutual assistance.

Joint Soviet Economic Ties Expand Into Production

42090267b Hanoi KINH TE DOI NGOAI
in Vietnamese 15 Apr 89 p 6

[Article by A. Dmitrien (APN): "Production Cooperation and Exchange of Goods Between the Soviet Union and Vietnam"]

[Text] Currently the Soviet Union remains Vietnam's number one trade partner. Sixty-four percent of Vietnam's exports and 69 percent of its imports are with the

Soviet Union. Many items produced by the Soviet Union play a leading role in Vietnam's economic development and in the Vietnamese people's daily life: oil (100 percent of Vietnam's oil was imported from the Soviet Union), trucks (90.9 percent), ferrous metals (81.2 percent), and chemicals for civilian uses (68 percent) (1986 statistics). In this same year, the Soviet Union imported from Vietnam: natural rubber 16 percent (of the total imported by the Soviet Union), coffee 11.7 percent, produce 8 percent, and pineapple 96.7 percent. The items that Vietnam exports to the Soviet Union mostly are products of its agriculture and food processing and light industries. At present, the opportunities for cooperation are being created in Vietnam in the leather shoe and pharmaceutical industries. The Soviet market is creating many possibilities for stable consumption of many of Vietnam's traditional products.

The Soviet-Vietnamese economic cooperation most recently has undergone profound changes in terms of quality and has switched from simple exchanges of goods to production cooperation in various fields of the economy. The new move is aimed at strengthening Vietnam's potential exporting capacity by using most effectively its natural conditions, labor potential, and producing capacity. At the 43rd CEMA session, consequently there was a decision to divide work among the socialist countries for the 1991-2005 plans. A series of cooperation projects among the socialist countries in Europe and the SEV member countries would be aimed at assisting Vietnam, Cuba, and Mongolia on a first-priority basis.

The cooperation between the Soviet Union and Vietnam today is based on the principle of long-term cooperation. The Soviet Union is taking part in building a power network and developing the energy industry for the SRV until the year 2000. It is helping to improve and build the industries that manufacture machinery, process raw materials for agriculture, and conduct geological and other investigations and surveys. In the coming years, the two countries are to set up joint enterprises to plant and process coffee and tea and to make light industrial goods, electrical equipment, and means of production. At the same time, as the results obtained in recent years have shown, the goal would be to increase the volume and value of export and import between the two countries. But, as 1988 showed, the most obvious weaknesses were the fact that deliveries of Vietnamese goods to socialist countries, including the Soviet Union, remained late and did not fully comply with what had been planned in the cooperation program. Late deliveries did affect production and cooperation. The reason for that situation was the degree of production development being different between the two countries. Moreover, there exists an economic management machinery that does not suit the new cooperation objectives set by both sides under its conditions for development. Production of and preparations for goods still are affected by the conditions of backward and extensive cultivation, which cannot lead to great results. The plans introduced in both Vietnam and the Soviet Union and beginning with their

strengthened cooperation are being improved and carried out on the basis of transforming the economic machinery and promoting a change from an economy being managed administratively to methods of management by economic means. Also extending the autonomy of enterprises, and their financial self-support.

There currently is a new development process directly involving cities, localities, and enterprises in both countries, as well as the joint Vietnamese-Soviet organizations and enterprises. These are dynamic forms of cooperation, but as we carry out this cooperation program, we still encounter quite a few obstacles arising from the bureaucratic mechanism, economic management, and planning machinery of the two countries. Whether the direct economic relations between the Soviet Union and Vietnam bring about the results that the two countries have expected basically depends on what achievements can be made in terms of applying them to their realities.

Unauthorized Signing of Contracts Abroad Denounced

42090268a Hanoi KINH TE DOI NGOAI
in Vietnamese 5 Apr 89 p 4

[Exchange of Professional Notes column by Thuat Huy Vu: "It Is Necessary To Stop Signing Contracts Against Regulations"]

[Text] In the last few years, we found many cases of district and provincial corporations, within and outside of the import-export sector, having signed contracts against regulations.

We do not need to mention the fact that the terms, words, language, and so on of such contracts need to be reviewed and revised. Here we mention only a very basic point which is the right to sign contracts, or in other words the right to directly import and export. In order to have this right, a unit must have the necessary qualifications and satisfy all procedural requirements before being considered by the state, which must decide to grant it or not.

The law is the will of the ruling class; every country has regulations and institutions needed for its management. For even simple things like opening a store to sell soup or drinks, getting married, and so on, it is necessary to apply for a permit and to register before doing them. And yet there have been some corporations at district or provincial level whose officials while abroad signed import-export contracts with foreign countries without realizing that they had no right to do so and, as procedural problems later arose, had to run around looking for remedies but only to find that the contracts they had signed should be abolished at a price of loss of face and useless costs. Those contracts luckily did not specify that "If one party fails to carry out the contract, it must pay a compensation to the other party equal to X percent of the value of the contract." If such a term had been included, the directors of those district and provincial

corporations would have been more careful and would not have signed those contracts in such a sloppy manner and against the state's principles and regulations.

If we do not "ring a bell of warning" in time, the number of cases of signing contracts against regulations as we mentioned above will continue to increase and at a certain point in time, foreigners will realize they cannot understand our corporations and cannot trust their Vietnamese trade partner. We should not let "a worm spoils an entire pot of soup" happen.

Some people would raise the question to the effect that if I am a director, I have goods, and I manage my own business, why don't you let me sign contracts with foreign countries in order to avoid intermediaries, to cut costs, and so on. Although this is a legitimate request, in every field there are its own rules and regulations. In foreign trade, it is even more necessary to observe the law very strictly because in addition to trade efficiency, there is the question of national prestige; therefore, in the lack of an import-export permit, a director will violate the law if he signs a contract with a foreign country. The reason why we have to put emphasis on this condition is the fact that a certain provincial corporation has violated this elementary condition even twice in a 4-month period. Consequently, with just a simple understanding of professional matters, the management organs of provinces and municipalities (foreign trade committees and services) should take appropriate measures to remind the corporations in their localities of the need to ask themselves, before signing anything with foreign countries, whether they have been granted permission to directly import and export products at all.

Council of Ministers Issues Decision on Economic Work

42090263 Hanoi HANOI MOI in Vietnamese
27 Apr 89 p 1

[Decision by the Council of Ministers: "On Administrative and Mass Organizations Engaged in Economic Work"]

[Text] The president of the Council of Ministers recently issued the following decision:

1. Authorization is hereby given to administrative organizations and mass organizations to engage in economic work. This includes organizations that do not have production tasks or that are not engaged in production services. Such organizations include those that help the ministries, state commissions, and various echelon people's committees carry out their state management functions, the party organizations, the mass social organizations, and the mass professional organizations.

2. The administrative organizations and mass organizations that want to engage in economic work must adhere to the following:

a. They can engage only in production activities or production support services. They cannot engage in trading or make a profit in tasks outside the production or production support sectors.

b. In organizing production or production support services, the aim must be to create additional jobs for workers in the organizations and units; to increase operating expenditures paid by the organizations and units and to reduce the burden on the state budget; and to contribute to providing more products for society.

c. The apparatus (in the form of enterprises, corporations, and so on) must not be on the rolls of the organization.

Regardless of its size, the organization must have clear tasks. Attention must be given to stating the items to be produced, the type of production support work to be done, the results, and the targets for improving the lives of the cadres and workers and reducing the burden on the state budget.

If production is carried out on a large scale or if goods requiring high technical standards are produced, there must be economic and technical plans or arguments, which have been approved by the head of the organization or state sector concerned.

If a production or production service organization wants to have a trade relationship with another country, this must be approved by the Ministry of Foreign Trade.

d. All production and production service organizations, regardless of their form (enterprise, corporation, etc.) must provide the start-up capital. They are responsible for all profits and losses and cannot use the assets, means, or materials of the organization to carry out production or production support activities. In cases in which they make full use of capacity, they must pay depreciation on the basis of state regulations.

The staffs of production and production service organizations must remain outside the staff of the organizations. The production and production service organizations must pay wages and bonuses based on the profits earned by the production and service activities. In cases in which production and production service activities are coordinated in order to reduce the number of people on the organization's roll, they must be given priority in borrowing money, they must be allowed to purchase materials for production, taxes must be waived or reduced during the initial period, and wages must be paid from the state budget. But after production has been stabilized and shows a profit, their reliance on the state budget must be ended.

e. Production and production service organizations managed by agencies and mass organizations at the center or in the provinces and cities must register with the provincial, municipal, and special zone people's

committees. Those managed by administrative organizations or mass organizations in the precincts and districts must register with the precinct, district, or equivalent echelon people's committee. These organizations can begin operation only after the agencies responsible have issued them a business registration certificate.

The provincial, municipal, precinct, district, and equivalent echelon people's committees can delegate authority to the finance agency at the same echelon to register the organizations and issue business registration certificates.

3. Those with the authority to establish production and production service organizations managed by administrative or mass organizations are as follows:

a. If it is a production or production service organization directly subordinate to an administrative or mass organization at the central echelon, the decision to form the organization must be signed by the head of the administrative organization or mass organization at the central echelon (the minister, director of a general department, or head of the central organization of the mass organization, party committee, or other social organization).

b. If it is a production or production service organization directly subordinate to an administration or mass organization in a province, precinct, district, or equivalent echelon, the decision to form the organization must be signed by the provincial or municipal party committee or the head of the party organization or mass organization in the province or city directly subordinate to the central echelon.

c. Those with the authority to sign the decision are responsible for their decisions if the results are not good.

4. After they have been authorized to carry on business activities, the production and production service organization have the following obligations and rights:

a. They must produce the goods or carry out the services as registered. If large quantities are produced, product quality must be registered with the local measurement and product quality control agency. They have a patent on the product model registered.

b. A system of statistical accounting and a bookkeeping system must be implemented based on the guidelines of the State Finance and Statistics Agency. Taxes and other items must be paid in accord with state regulations except in cases in which the taxes have been reduced or waived in accord with the regulations discussed in Article 2 above.

c. The state will protect production and service rights, and they will have the right to engage in joint ventures with other organizations and individuals in order to carry on production and production services.

This decision is effective the day it is promulgated. The production and service organizations established previously by the administrative and mass organizations must abide by this decision.

Thai Military Bank Finances Investment Projects
42000135b Bangkok BUSINESS POST in English
20 May 89 p 1

[Text] Thai Military Bank has approached Asian Development Bank to jointly finance investment projects in Vietnam, TMB director and executive adviser Supachai Panitchpakdi said yesterday.

Dr Supachai said the cooperation with ADB to finance projects in Vietnam was one of three strategies planned by his bank for doing business in that country.

"We have discussed joint financing plans for two-three projects, including hotel and steel manufacturing projects," he said. "The combined investment for these projects is around 500 million baht."

A second strategy is to open links with commercial banks in Vietnam.

"The TMB has already reached an official agreement with Vietcom Bank, Vietnam's international bank. We are discussing fund transfers and account clearing systems between the two banks," he said.

The third strategy is for TMB to provide financing to Thai investors for projects in Vietnam.

To do this, TMB will join Banque Indosuez to jointly finance investments.

Dr Supachai said Banque Indosuez was planning the opening of a representative office or branch in Vietnam which could act as consultant for the TMB financing scheme.

Port of Saigon Reaches Highest Cargo-Handling Capacity
42090267c Hanoi KINH TE DOI NGOAI
in Vietnamese 15 Apr 89 p 8

[Article: "Saigon Port Reaches Highest Cargo-Handling Level Ever"]

[Text] In the first quarter this year, the Port of Saigon was able to release 265 ships of all kinds after having handled their cargoes totaling 970,000 tons, or an over-fulfillment of 134.3 percent of the assigned volume and an increase of 1.5 times compared to the same period last year. For the first time, everyday in a quarter the average volume of cargo handled was 10,000 tons. In the case of many items, such as the import-export commodities like rice, coal, cement, and so on, high levels of fulfillment of its plan were reached.

Right from the beginning of the year, the port was urgently reorganizing the management and operations of production, closely coordinating its work with ship owners and customers, and concentrating on quickly releasing the ships. The stevedoring enterprises organized piecework contracting by assigning total cargoes of individual ships, fully paid wages to workers right after a ship was released, and fulfilled the norms as specified in contracts without waiting for the exact payday to come as they had done before. The port had spent 300,000 dollars of its own capital to import additional equipment consisting of 20 trucks of all kinds, 2 10-ton cranes, and tens of meters of winch cables in order to quickly raise its cargo-handling capacity. It rearranged the warehouse areas and put only rice in four warehouses so as to ensure making this commodity a stable one, by keeping rice ready to be loaded whenever a ship would become available and thus doubling the volume of rice being shipped to the North.

With the above-mentioned measures being uniformly taken, most ships that went through the port during this quarter were released either on schedule or ahead of time. In the case of 15 Soviet ships being quickly released, the owners of their cargoes gave the port a reward of 125,842 rubles. Only three ships were fined 27,700 rubles. Other foreign ships also gave the port a total reward of 60,000 U.S. dollars.

Trade Contracts Signed With Socialist Countries in 1989

42090268c Hanoi KINH TE DOI NGOAI
in Vietnamese 25 Apr 89 p 8

[Article by P.V. (Reporter): "Contracts Signed for Exchange of Goods Between Our Country and Socialist Countries in 1989—Deliveries of Goods in First Quarter of 1989"]

[Text] As of 31 March 1989, the signing of contracts in compliance with the Protocol for Exchange of Goods and Payment for 1989 between our country and the fraternal socialist countries has been basically completed. The contracts already signed cover export values totaling 601.8 million rubles, or 67.2 percent of those specified in the protocol, and import values 1,226.6 million rubles, or 76.9 percent.

According to these contracts, in 1989 we have the obligation to deliver to the Soviet Union export goods valued at 406.5 million rubles, the GDR 42.6 million rubles, Czechoslovakia 26.8 million rubles, Bulgaria 13.8 million, and so on. The reason why the signing of contracts has been quickly completed is that the general import-export corporations succeeded in soliciting purchase commitments for many small industrial and handicraft products, such as fine art articles; items made of rush, corn, and coconut; woven bamboo and rattan articles; beach sandals; hand tools, and so on. In addition, some goods that we may have difficulties in organizing the sources of supply but still can overcome them

in order to deliver to our friends include coffee, cinnamon, black pepper, red pepper powder, frozen fruits, citrus fruits, frozen meats, crude oil, and special-order goods. The goods that really encounter difficulties in signing and carrying out contracts are rubber, tin, jute, coconut oil, peanut oil, soybeans, salt, and tea, with the main problem being our mechanisms and domestic prices, in spite of our production installations having increased purchase prices by 90-100 percent, increases apparently not large enough to cover production and purchase costs. In addition, the rates of exchange between the Vietnamese dong and foreign currencies are not realistic enough. For instance, prices of materials are charged by the state at the rate of from 2,500 to 3,000 dong to a ruble, but production installations have to purchase rubber and coconut oil at the respective rates of 4,000 and 5,000 dong to a ruble.

About import this year, Vietnam will get volumes of goods valued at about 114.2 million rubles from the Soviet Union, 92.6 million the GDR, 21.3 million Czechoslovakia, .6 million Bulgaria, and so on. Generally speaking, the basic necessities that are specified in already-signed contracts to be imported in large quantities include gasoline and oil, 100 percent; cotton fibers, 95 percent; urea, 79 percent; trucks, 96 percent; automobile tires and tubes, 88 percent. The signing of contracts has been slow in regard to chemicals; as for various kinds of sodas, asphalt, and sulphur, no contracts have been signed yet.

A basic characteristic of the signing of import-export contracts this year has been the request of many countries to link the goods they will deliver to us with deliveries of goods from Vietnam. For instance, insecticide is linked with rubber; peanut oil and soybeans with hops; rubber with soda ash; frozen meats with urea, and so on. This is a matter that we must think over and resolve early.

Along with completing the signing of 1989 contracts, our country and the fraternal socialist countries have been pursuing early exchanges of goods in accordance with the principle of delivering goods immediately after signing contracts.

As of the end of the first quarter of 1989, we have exported to the Soviet Union quantities of goods valued at 69.9 million rubles; the GDR, 8.6 million; Cuba, 3.7 million; Poland, 20 million; Czechoslovakia, 5.6 million; Mongolia, .1 million; Laos, .3 million; and Cambodia, .3 million.

On the other hand, the Soviet Union has delivered to Vietnam quantities of goods valued at 230 million rubles; the GDR, 4.4 million; Czechoslovakia, 8.3 million; Cambodia, .3 million, and so on.

Hanoi Grain Sector Allocation Problems
42090268b Hanoi NONG NGHIEP in Vietnamese
13 Apr 89 p 1

[Article by Tran Lam: "Alarm Bell Is Sounding in Hanoi's Grain Sector"]

[Text] As of the last day of March 1989, the Municipality of Hanoi as a whole has sold only nearly 300 tons of rice, or 1.42 percent of the standard quota, (mainly to members of the armed forces). Why?

Workers and civil servants had not been paid early enough to buy their March rice allocations, but that was not the main reason. "The culprit," according to many sources, was prices. The price of 1 kilogram of rice or broken rice sold in March on the basis of the standard allocation was 650 dong; at the same time, according to official instructions, rice could be bought back from consumers at the price of 610-620 dong/kilogram. In fact, the free market prices were about the same, 620 dong ("trade store" rice) and 750-780 dong (rice brought from the countryside) per kilogram; consumers, consequently, recognized market prices as both convenient and advantageous.

The fact that it cannot sell its rice and, as a result, does not take in any money makes the Hanoi Union of Grain Corporations unable to pay the bank. With such a half-way business, because all of its capital has come from loans, for which it pays the bank up to 2.2 billion dong of interest a month, plus some 60 billion dong of debts that it owes other related economic units, it has become rather obvious that the "collapse" of the Hanoi grain sector would be imminent.

In the evening of 29 March 1989, the Board of Directors of the Hanoi Union of Grain Corporations worked with the deputy director of the State Price Commission to find ways to resolve its difficulties, but they were unable to find a remedy for the irrational aspect of rice prices in Hanoi.

In the face of the real situation, something really urgent that the Hanoi grain sector must do is to switch quickly, strongly, and thoroughly to doing its own business, in the true sense of the word. The authorities at all levels must act really urgently and in time to give the Hanoi Union of Grain Corporations full right to have business initiatives of its own by supplying it with grain products and processed grain-food products (as Haiphong and Ha Nam Ninh have done) so as to let the Hanoi grain sector be responsible for its own activities. Only then will the state be spared from providing compensations for losses, or state subsidies, which it has been paying for so long to the Hanoi grain sector up to nearly 50 billion dong a year.

Cash Crisis Leads to Boom in 'Back-Door' Banking
42090279

[Editorial Report] An article in the 14 April issue of Hanoi HANOI MOI reported that local organizations possessing liquid assets are profiting from the current severe cash shortage by cashing checks at a discount. Some are making up to 20 percent per transaction.

According to the HANOI MOI article, an increasing number of government agencies and military units have been unable to get cash from Hanoi banks because the latter cannot meet the demand. Thus these units have resorted to "selling" their checks to cash-rich organizations at a discount. The cash circulating in this "back-door" fashion does not get deposited in the banks, further exacerbating the shortage.

The article documented several cases of "back-door banking":

1. During a 12-day period in January, the Gia Lam Locomotive Works issued eight checks with a total face value of 37,921,028 dong in return for 33,397,304 dong in cash. The difference amounts to a 12-percent profit for the five organizations that cashed the checks: the Central Petroleum Company, the Thuong Dinh Canvas Shoe Enterprise, the Federation of Hanoi Foodstuffs Companies, the Severely Disabled Veterans' Cooperative, and the Ha Nam Ninh Food and Beverage Enterprise.

2. From mid-October 1988 to mid-February 1989, the Light Industry Ministry's Planning Institute issued nine checks for purchase orders. Five unnamed enterprises accepted the checks, worth 46,272,500 dong, in exchange for 41,493,525 dong in cash—a profit of 10.3 percent.

According to HANOI MOI, the enterprises use "creative bookkeeping" to disguise their check-cashing operations, entering incoming checks under the "TK30" heading ("other income") and outgoing cash as refunds for goods ordered but not delivered.

Typhoon Causes Widespread Crop Damage
BK1306061089 Hanoi Domestic Service in Vietnamese
1100 GMT 12 Jun 89

[Summary] As reported earlier, at 1600 on 11 June the center of typhoon No. 3 passed over the sea between Thai Binh and Haiphong, weakened somewhat, and then moved deep into Hai Hung, Ha Bac and Hanoi. "The typhoon brought heavy and torrential rain in several localities in the Bac Bo and northern area of the former 4th region. According to a report from the Central Flood and Typhoon Control Committee, rainfall in Hanoi was about 300 mm. Heavy rain was recorded in nearly all suburban districts, flooding more than 50,000 hectares

of 5th-month spring rice—including 10,000 hectares seriously flooded. The electricity distribution line between Soc Son and Thach That districts failed."

The typhoon hit large areas of Ha Nam Ninh with winds reaching force 9 to 10 and gusting to force 11 and with an average rainfall of more than 200 mm. "The typhoon damaged 100,000 hectares of 5th-month spring rice, over 6,000 hectares of peanuts, more than 4,000 hectares of 10th-month rice seedlings and 7,000 hectares of sweet potato." Measures are being taken to overcome the aftermath of the typhoon, such as urgently repairing high-voltage electricity distribution lines in order to have electricity to run water pumps, fight waterlogging and save rice and other subsidiary food crops."

In Ha Son Binh Province, the rainfall reached 370 mm in Mai Chau district and averaged 200 mm or more in Thanh Oai, My Duc, Luong Son, Ung Hoa, and Chuong My Districts and Ha Dong town. "The rainfall damaged 40,000 hectares of 5th-month spring rice, including 15,000 hectares heavily flooded. Fifty percent of the sown 10th-month rice seedlings were seriously waterlogged. All the 110-kilovolt and 35-kilovolt lines were out of order." Urgent measures have been taken to overcome the typhoon aftermath.

In Thai Binh, many areas of rice have been flooded, electric distribution lines been disrupted and several portions of the sea dike eroded.

In Thanh Hoa, "rainfall averaged to 100-150 mm, causing 60,000 hectares of ripe 5th-month spring rice to shed grain, and affecting 7,800 hectares of peanuts." The typhoon also brought heavy rain to Hai Hung, Ha Bac, Haiphong and Quang Ninh, affecting many areas of rice and subsidiary food crops.

SOCIAL

Health Minister Emphasizes Family Planning Importance

42090291b Hanoi DAI DOAN KET in Vietnamese
18-24 Apr 89 pp 5, 3

[Article by Professor Pham Song, Minister of Public Health and Vice Chairman of the National Population and Family Planning Committee: "Population and Family Planning—An Urgent and Long-Term Problem of Our Nation"]

[Text] It is an urgent problem for the following reasons:

First, with a large population, grain production is insufficient to sustain the minimum quality of human life. Vietnam's population presently stands 13th in the world. By the year 2005, it will still be at the 13th or 14th position if we strive to slow development of the national population. Conversely, we stand 57th in area. A great contradiction therefore exists between population and area.

Due to low capability caused by still weak mechanization and water conservatism, one of our agricultural laborers can sustain only 2 to 3 persons while a farmer in America can sustain 50, and in the Soviet Union, 25.

Therefore, grain is always a problem of concern to the entire party and people, and one that occupies too much effort of the Council of Ministers. Despite this concern, our grain average has remained virtually unchanged. In 1940, the per capita grain average was 280 kilograms. In 1985, it was 304 kilograms but in 1987 again only 280 kilograms. Because grain only increased by 2.55 percent while the population increased by 2.7 percent, a situation of marking time in per capita grain average was created.

Second, with a population that is too large, the environment is polluted and forest resources are diminished.

We annually replant 50,000 hectares of forest but destroy 100,000 hectares due to many reasons, including the fundamental reason of a too rapidly developing population that must destroy forests for fuel and construction materials, due to shifting cultivation, and due to exploitation to answer urgent economic requirements, so the exploitation rate is too high compared with that of cultivation and propagation.

The environment is most seriously polluted in the cities and areas of concentrated population because systems of water drainage and handling sewage, garbage and industrial wastes are all extremely inferior.

Third, with a heavy population, because the slowly developing economy is unable to provide employment for the number of laborers rapidly increasingly each year and for the surplus of previous years, social ills perpetrated by youths steadily increase, and this vicious circle steadily worsens if the population planning issue is not determinedly achieved.

Fourth, with a heavy population and slowly developing economy, the state cannot appropriately invest in resolving the most urgent social policies and public welfare problems. Our people's fight since the advent of our party has lasted 59 years and especially since 1945, three wars to liberate the fatherland and protect the borders have occurred and the number of people that society must support is extremely high, comprising war invalids, families with revolutionary merit, families of war dead and retired cadres, but without the necessary funds, resolution is unsatisfactory. This is not counting the homeless, aged and weak with no means of support, or the support for those afflicted with diseases requiring protracted treatment such as tuberculosis, psychiatric problems and leprosy, which are also a legitimate concern to a civilized nation and a concern for the misfortune of mankind in society. All of these problems are urgent, and all are in keeping with binding principles, but "wanting to but unable," insufficient funds have created a burdensome social state.

Population and family planning in our country is such an urgent but also long-term problem requiring resolute action and a precise course with absolutely no impatience.

Why is this?

First because the population is young and 600,000 women enter child bearing age annually, the birth potential can only be reduced slowly. Thus, the population will continue to increase until 2005, will increase slowly at that time and will not stabilize until 2030 or 2035.

Second, the population planning problem is really a revolution in changing habits and perceptions, an extremely private problem of each family, a problem of males and females, a happiness concept problem, and a problem involving the issues of quality and life. A change in habits and perception must truly have a true change in the economy, accompanied by elevation of the people's intellectual standards, and destruction of the Confucian concepts in culture on males and females, carrying on the lineage, thoroughly liberating women in every clan and family relation and the number of children needed per Vietnamese family.

In the rural area, 78.6 percent of the people want more than three children, not one family wants only one child, 79.8 percent think a son is absolutely necessary, and 80 percent think that being without an heir is the greatest misfortune. Therefore, changing the production formula, raising the intellectual standards of the people, and resolving Confucian concepts on the family issue must everywhere be an immediate task.

Third, the development of family planning in various countries is extremely expensive because all must subsidize means of contraceptive and spend a great deal of money in technical services as well as organizing widespread education and propaganda. China must spend 1 U.S. dollar per capita, India 30 cents and South Korea 71 cents despite the receipt of 50 million U.S. dollars in aid.

In our country, the state devotes extreme effort but also finds it extremely difficult to invest such a large sum of money although we also annually receive the large sum of 4 million U.S. dollars in aid.

Beginning 1989, there is generally throughout the country a new premise.

The Council of Ministers has promulgated a number of policies on population and family planning (18 October 1988), and a decree on organizing national population and family planning committees from the central to the district and village level (6 March 1989), and has decided a central policy for national population committees both in basic construction and in renovating the mechanism in supplying and providing services in contraceptive means and in accepting aid goods. The United Nations

Population Commission has also decided to assist Vietnam in 24 population programs with a total investment from 1988 to 1991 of 25 million U.S. dollars. Sixteen provinces and cities have set the populations and family planning program as the fourth program to be implemented along with the three major economic programs of the party and state.

Expectations are increasingly favorable but a high degree of socialization in population and family planning is required with economic development following an industrial formula and elevation of the intellectual standards of the people before family planning has a firm foundation and becomes as normal as an indispensable requirement of married couples and women of child bearing age.

Fatherland Front Needs Greater Authority
42090291a Hanoi DAI DOAN KET in Vietnamese
18-24 Apr 89 p 2

[Article by Le Viet Kham, Nam Giang Village, Tho Xuan District, Thanh Hoa Province: "Responding to the Movement of 'What To Do To Eliminate Formalism, Permitting Fatherland Front To Truly Be an Organization Representing Collective Ownership of the People'; Three Problems To Be Solved: Provincial Party Committee Secretary Asks: 'Why Don't the People Troop to Other Agencies Instead of the Provincial Party Committee?'; In Many Locations, Fatherland Front Still Failing to Assert Itself as an Organization Representing the Collective Ownership of the People, So Still Stands on the Outside; 'Where Is the Law of the Land and Power of the People?'"]

[Text] Issue 13 of DAI DOAN KET raised the issue of "what to do to eliminate formalism, permitting the Fatherland Front to truly be an organization representing the collective ownership of the people." I applaud the paper for presenting a heated and urgent social problem requiring concentrated intelligence for solution. So, what must be done? At what step must the source of impediments be alleviated?

Before giving my own ideas on this issue, I wish to relate the following story:

On 14 March 1989, a delegation of 60 people from 10 villages in Tho Xuan District went to the Thanh Hoa Provincial Party Committee to meet Committee Secretary Le Huy Ngo and denounce the negative occurrences in Tho Xuan District revolving around the following three issues: first, the economic chicanery of the district party committee secretary contrary to the law and to management principles; second, the limited ability and comprehension leading to mistakes in district supervision and leadership and creating great economic, political, social and confidence losses, nurturing a new wave of violence at the basic level, suppressing democracy, providing mutual protection and cover up, and allowing monopolists to organize, manage and distribute; and

three, the lack of public regard for the 20th Congress of the Tho Xuan Party Organization because no renovation occurred. During the 3 hours of urgent work, dialogue, and listening and replying to the ideas of the masses, party members and cadres, Le Huy Ngo, member of the Party Central Committee and Provincial Party Committee Secretary, posed the question: Why don't you go to other agencies instead of the Provincial Party Committee? Not only once but three times during the conversation, Le Huy Ngo asked us this question. The question of the Provincial Committee Secretary had foundation because during the year of 1988 alone, Tho Xuan District had charges of negativism against 20 basic units sent to agencies of the party and state, primarily the Provincial Party Committee. Dozens of mass delegations trooped down to the Provincial Party Committee. Nam Giang Village alone went four times, such as on 13 October 1988 when up to 80 people presented a petition causing much trouble for the Provincial Party Committee. Why was this? At that time, I stood up to boldly declare that the reason for the present situation was first of all that during the past several decades, the party had "replaced" the functions and powers of agencies such as the Fatherland Front, National Assembly, People's Council, Collective Peasants Association, Youth Union, Women's Association, etc. These agencies were only displayed as "flowerpots" in the garden of democracy with actually no real power. For that reason, trooping to them would be a waste of effort for both sides with no solution of anything!

Le Huy Ngo interrupted me, "Kham speaks the truth, the party is correcting..." and I interjected, "What have you seen the party correcting? Even with correction, it must also overcome the consequences of the past several decades in which the party undertook to serve as a replacement, so we must still continue to troop to the Provincial Party Committee."

After the conversation, I continued to think. Where is the obstruction? Why don't we register our complaints with the agencies formed to protect the ownership rights of the people instead of doing so with the provincial and district party committees? I feel that :

—First of all, it is due to the lack of a mechanism for specifically decentralizing the social authority of functional agencies with the leadership of the party. This not only expands the authority of independent functional agencies but also indicates that this exclusiveness prevents the party from resolving everything generated by society.

—Secondly, the obstruction is also caused because functional agencies and mass organizations cannot achieve self-mobilization in asserting themselves. Also in issue 13 was the article "Injustice in Nam Giang" in which Le Luc—Chairman of the Thanh Hoa Province Fatherland Front, excellently stated, "The people of Nam Giang are voicing things hidden in their hearts, primarily because a spirit of mastering the rural area, mastering society and

mastering their own life has risen there." However, when the press delegation went to Nam Giang, there was no representative from the Provincial Fatherland Front participating, nor had one every gone done to directly meet the people, make inquiries or examine the situation although Nam Giang is only 40 kilometers from the Provincial Fatherland Front Committee. This means there is a contradiction between words and actions, recognizing the good and excellent in Nam Giang but not daring to protect by actions in accordance with the functions and role of the Front. Here, the Front dares not assert itself, that is to protect the truth, but is dependent upon the authority of the party. Consequently, to alleviate the present impediment and have the Front truly work and not be a "potted plant," the Front itself must have sufficient ability to comprehend and to resolutely act for the truth.

Third, do the masses truly have ownership rights? The laboring people in Tho Xuan not only produce material assets for society but also have extremely high ownership abilities when they demand a dialogue with the district and provincial party committees. This is an extraordinary growth of the people's intelligence that should be a motive force stimulating social advance.

However, it is clear here that the people still do not respect and develop their ownership rights. The saying, "Law of the land, power of the people" means that state law must be respected by everyone and that the people have extremely great powers and must be respected and listened to because they are the source. Actually however, the people are presently the most powerless and consequently, many still fear higher "authorities" and dare not struggle because they don't know "where to dodge."

Finally, I remind once again that to eliminate formalism and allow the Fatherland Front to truly become an organization representing the ownership rights of the people, agencies and organizations of the party must change their leadership methods, and must have a new mechanism for stipulating the authority and responsibility of party and administrative agencies and civilly elected organizations.

In this way, the present number of complainants trooping to the offices of the district and provincial party committees demanding resolution of negative occurrences will completely decline, and the role of the National Assembly, People Council and Fatherland Front will surely be elevated with no one daring to call them "potted plants."

Suggestions for Improving Hanoi Grain Problems

42090266 Hanoi HANOI MOI in Vietnamese

9 Apr 89 p 1

[Article by Nguyen Thong: "Suggestions on City's Grain Problem"]

[Text] We wish to boldly submit several suggestions to the Municipal Party Committee and People's Committee on resolving the grain problem, a central and heated mission of the city at the present time.

The daily grain requirements of Hanoi city average about 900 tons, not large for the capital of a country with 60 to 70 million people. The city has a General Grain Business Corporation and 16 ward and district corporations with tens of thousands of workers and civil servants, each one responsible only for a few hundred kilograms of rice while the Chairman of the Municipal People's Committee has for almost the past several years had to reserve a large part of his time worrying about food for the people. Why is this? There has also been the system of bureaucratic centralism and state subsidization.

After more than 2 years of implementing Resolution VI and countless resolutions of the Central Committee and Council of Ministers on removing, unleashing and eliminating the bureaucratic centralism system, Hanoi is still too slow and confused in renovating the economic and social management mechanism. Now, the city still trails in eliminating grain subsidies. Since 16 March 1989, Hanoi has sold grain at the business price while the city's grain organizations and sales networks follow the old way so buying and selling by the people has still not basically improved.

It is startling to contemplate this! The past 30 years have been, to describe it differently, a lifetime of standing in line to purchase grain: standing in line due to order requirements, because of grain quality, grade and prices, because this stipulation has expired or the price ends tomorrow, because the store lacks grain for regular sales, and so on. More noteworthy is the slow and confused rice situation with prices regardless of quality and grade: crushed, stale and red rice, rice with an odor, etc. but all uniformly "pure rice," and an insignificant difference in price between pure and higher level rice. Hanoi has an entire federation of subsidiary enterprises, comprising eight member enterprises and several food processing enterprises managed by the Ministry of Agriculture and Food Industry and the Ministry of Home Trade, but stores at times must sell wheat flour in place of rice, and Hanoi must still consume the processed grain (instant wheat noodles, etc.) of neighboring provinces, etc., an unacceptable situation.

Following are seven specific suggestions:

1. The city should expand direct relations with four provinces (two in the Mekong River Delta and two in the Red River Delta) and assign missions to city grain business organizations to actively make purchases directly at the bottom and sales directly at the top, reducing unnecessary intermediate steps, and to develop ocean vessel units for direct transportation of fertilizer and other goods to the provinces in the Mekong River Delta, and of grain back to Hanoi.

2. The city should maintain firm control of about 80,000 to 90,000 tons of rice (the amount used during a 3-month period) for unexpected requirements: storms, floods, famine, etc., and to put on sale to maintain prices if the grain market suddenly changes.

3. Allow individuals to open grain stores for public sales. Widely develop the system of grain sales agents for the Municipal Grain Corporation with consignment by wards, districts and other provinces. At state grain stores, open an additional one or two sales lines to fully utilize available space, reduce warehouse construction investment and the store management apparatus, and make marketing by the people easy and convenient without idiotic waiting in line and loss of civilized order. The price of grain of the State Grain Corporation now closely corresponds to the market so the complete elimination of grain sales to residents on preset schedules allows residents to buy grain once or many times a month, each time 1 to 2 kilograms depending on the buyer, instead of absolutely forcing purchases to be made once or twice a month. Grain in 12.5 kilogram packages is widely sold in food, vegetable, fruit and general stores. Under circumstances in which the city is unable to balance grain sources for daily normal sales, grain ration books may be temporarily maintained to control the purchase level of an individual but allow him to buy in any store.

4. Watching grain exports and imports is a normal activity of the grain corporation. Rice may be exported and wheat flour imported to change the starch structure of the food ration, or rice may be exported and livestock corn imported to provide meat for the city. The grain corporation should serve as an agent for the city in selling grain to foreign merchants (primarily wheat flour).

5. Expand grain processing: wheat bread, wheat vermicelli, instant noodles, fresh and dried rice noodles, steamed rice flour rolls, rice vermicelli, rice flour noodles, noodle soup, various kinds of bread, etc., and additional rich and varied products to answer breakfast, lunch and midshift meal requirements for workers, civil servants and the people in a convenient, civilized and cultured manner, and reduce the time spent cooking in the family.

6. Truly "unleash" state grain corporations, allowing them to make their own purchases and sales to meet public requirements and fulfill their obligations to the state without violating state law.

7. It is suggested that the city permit establishment of a grain bank with an interest rate implemented in accordance with the current mechanism but able, during periods of intense purchasing, to raise that rate in an effort to reduce prices. Open savings accounts right in the grain stores to mobilize the idle capital of people for the purchase of rice because nearly half the wages of workers and civil servants in the Hanoi area is reserved to buy grain for the family.

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